

Cedar Rapids Community School District
in the County of Linn, State of Iowa

Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2004



Comprehensive Annual Financial Report

Cedar Rapids Community School District

Fiscal Year Ended June 30, 2004

Prepared by:

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Executive Director of Business Services,
Board Treasurer

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346 Second Avenue S.W.
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CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

Table of Contents

	<u>Page</u>
<u>Introductory Section</u>	1
Letter of Transmittal	2
GFOA Certificate of Achievement	11
ASBO Certificate of Excellence	12
Team Leadership Network	13
Board of Directors and District Officials	14
<u>Financial Section</u>	15
Independent Auditor's Report	16
Management's Discussion and Analysis (MD&A)	18
Basic Financial Statements:	
District-wide Financial Statements (DWFS)	37
Statement of Net Assets	38
Statement of Activities	39
Fund Financial Statements (FFS)	40
Governmental Funds:	
Balance Sheet	41
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	43
Statement of Revenues, Expenditures, and Changes in Fund Balances	44
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	45
Proprietary Funds:	
Statement of Net Assets	46
Statement of Revenues, Expenses, and Changes in Fund Net Assets	47
Statement of Cash Flows	48
Fiduciary Funds:	
Statement of Fiduciary Assets and Liabilities	49
Notes to the Financial Statements	50

CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

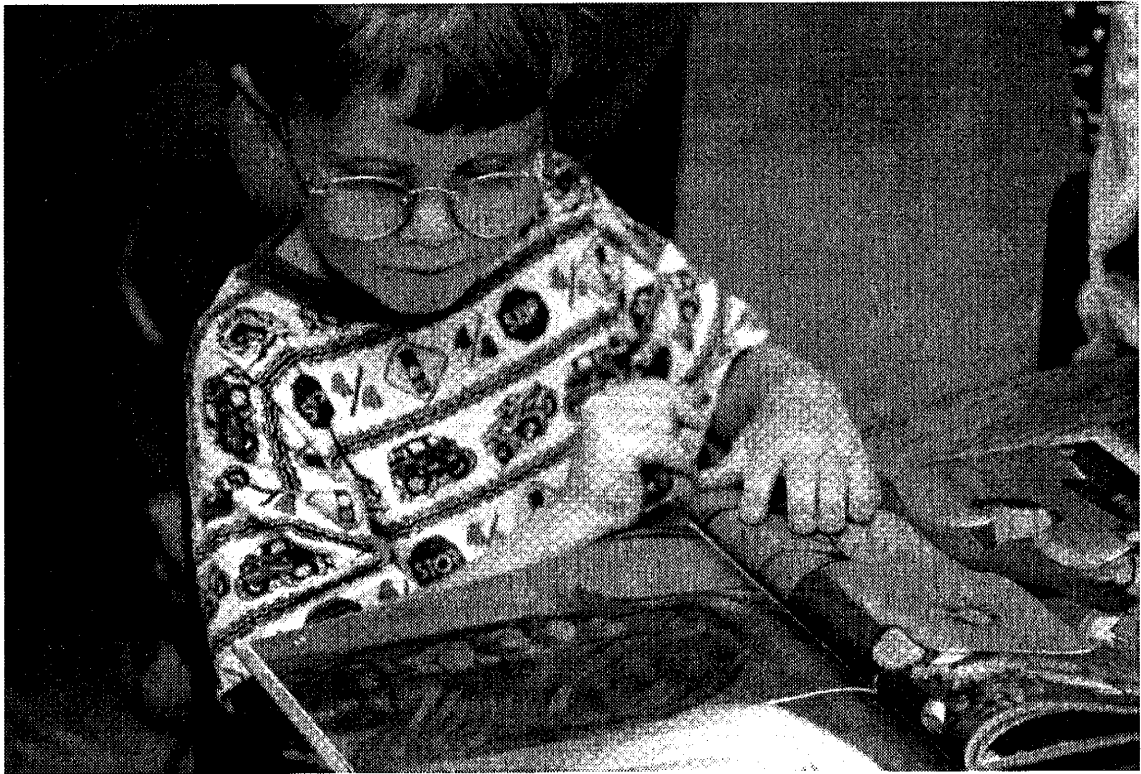
Table of Contents

	<u>Page</u>
<u>Financial Section (continued)</u>	
Required Supplementary Information:	67
Budgetary Comparison Schedules	
General Fund	68
Major Special Revenue Funds With Legally Adopted Budget	
Management Fund	69
Physical Plant and Equipment Fund	70
Capital Projects Fund	71
Nonmajor Special Revenue Funds With Legally Adopted Budget	
Student Activity Fund	72
Debt Service Fund	73
Notes to Required Supplementary Information – Budgetary Reporting	74
Supplemental Information	76
Combining and Individual Fund Statements and Schedules:	
General Fund:	77
Statement of Revenue, Expenditures, and Changes	
in Fund Balance	78
Nonmajor Governmental Funds:	84
Combining Balance Sheet	85
Combining Statement of Revenues, Expenditures, and	
Changes in Fund Balances	86
Statement of Changes in Fiduciary Assets and Liabilities –	
Agency Fund	87
Capital Assets Used in the Operation of Governmental Funds:	88
Schedule of Capital Assets – By Source	89
Schedule of Changes in Capital Assets – By Function	90
Schedule of Capital Assets – By Function	91
<u>Statistical Section</u>	92
District-wide information:	
District-wide Expenses, by Function	93
District-wide Revenues	94
General Fund Expenditures, by Function	95
General Fund Revenues, by Source	97
Property Tax Levies and Collections	98
Assessed and Taxable Value of Property	99
Property Tax Rates Per \$1,000 Assessed Valuation - All	
Direct and Overlapping Governments	101
Computation of Legal Debt Margin	107

CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

Table of Contents

	<u>Page</u>
<u>Statistical Section (continued)</u>	
Ratio of General Obligation Bonded Debt to Taxable Value and General Obligation Bonded Debt Per Capita	108
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Fund Expenditures	109
Computation of Direct and Overlapping Debt	110
Demographic Statistics	111
Construction and Property Values	112
Principal Taxpayers	114
General Analysis of Facilities and Staffing	115
Enrollment by Grade	116
Staffing Levels	118
Operating Cost Per Pupil	120
 <u>Internal Controls and Compliance Section</u>	 121
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on Audit of Financial Statements Performed in Accordance with Government Auditing Standards	122
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	124
Schedule of Expenditures of Federal Awards	126
Schedule of Findings and Questioned Costs	128
Summary Schedule of Prior Federal Audit Findings	130
Corrective Action Plan for Federal Audit Findings	131



Introductory Section

December 31, 2004

To the Board of Directors:

We are delighted to submit to you the Comprehensive Annual Financial Report, (CAFR) of the Cedar Rapids Community School District, (the "District") for the year ending June 30, 2004. This report has been prepared to conform to guidelines recommended by the Association of School Business Officials International and the Government Finance Officers Association of the United States and Canada.

For fiscal year 2001-2002, Governmental entities, whose revenues exceed \$100 million, were required to meet the new reporting guidelines as promulgated by the Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments." (GASB-34). Consequently, fiscal year ending June 30, 2004, marks the third year in which our report includes all required revisions to conform to the new standards promulgated under GASB-34.

Management Responsibility

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed information is fairly stated in all material respects and is presented in a manner which sets forth the financial position and results of operations of the various funds of the District in accordance with generally accepted accounting principles, (GAAP). It includes the entire District. The District is not included in any other reporting entity, nor are any other entities included within this report. All disclosures necessary to enable a reader to gain maximum understanding of the District's financial activities have been included.

CAFR

The 2004 Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Internal Controls and Compliance.

1. The Introductory Section. This section includes a transmittal letter, economic outlook of the community, the District's accomplishments, a District Financial Profile, the District's Team Leadership Network and a list of the Board of Directors and District officials.

2. The Financial Section. The School District's financial statements and schedules are presented in accordance with the financial reporting pyramid set forth by the Governmental Accounting Standards Board. The financial section consists of the independent auditor's report, Management's Discussion and Analysis (MD&A), audited basic financial statements, required supplemental information, and combined and individual fund statements and schedules. The audited basic financial statements present both an overview and a broad long-term perspective of the School District as a whole in the government-wide financial statements. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the

basic financial statements in the form of the MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

3. The Statistical Section. The statistical section sets forth selected unaudited financial and demographic information, generally presented on a multi-year basis.

4. The Internal Controls and Compliance Section. The School District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. This section contains all necessary schedules and auditor's reports required for the District to comply with these regulations.

Reporting Entity

This report includes all entities or organizations that are required to be included in the School District's reporting entity. The basic criteria for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a governmental unit's reporting entity is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and either the ability of the primary government to impose its will on the organization or a financial benefit/burden relationship. In addition, an organization, which is fiscally dependent on the primary government, should be included in its reporting entity.

Cedar Rapids Community School District is governed by a seven-member elected Board of Directors who serve three-year terms. The Board of Directors is a policy-making and planning body whose decisions are carried out by school administrators.

The District is the second largest of Iowa's public school systems. The enrollment is approximately 17,729 students. The District operates a total of three regular and one alternative high school, six middle schools and twenty-four elementary schools. The District provides a full range of educational services appropriate to students in early childhood and grades kindergarten through twelve. These services include basic, regular and enriched academic education; special education for children with special needs; vocational education; and numerous individualized programs such as specialized instruction for students at-risk and for limited-English-speaking students.

In addition to the elementary, middle school and high school programs offered in the District, there are additional opportunities for achieving success. Metro High School is an alternative school for students who function better in a less-structured environment. Public preschool, called the Step Up Preschool Program, is available to approximately 96 four-five year olds based on income levels and student needs. Finally, a Gifted and Talented learning program provides identified students at all levels an enriched and differentiated curricular program.

The District also provides day care services for infants through age five and extended day programs for students in several of the school buildings through a partnership with St. Luke's Hospital. The District is supported financially by state aid, property taxes, income surtaxes, state and federal grants for special projects, and local revenue received for tuition and other services.

Economic Condition and Outlook

Because of its central location, Cedar Rapids has a tradition as an economic capital for more than 600,000 Eastern Iowans living within 60 minutes of the city. Cedar Rapids takes pride in its leadership in service industries, retail sales, and other related business such as insurance and government services. Cedar Rapids is home to more than 275 different manufacturing plants. It has some two-dozen Fortune 500 companies, international exports reaching record numbers for the United States, and ties with companies from around the world. These include Canada, France, Germany, Ireland, Korea, Japan, the Netherlands, Switzerland and the United Kingdom.

Manufactured exports from the Cedar Rapids area are estimated at over \$500 million. More than 100 countries receive an almost endless variety of products and services from businesses and industries located in Cedar Rapids. Export products include road-building, earth moving, pharmaceutical and food processing equipment, home appliances, avionics and telecommunications equipment, grains and their by-products, computer software, computer hardware and more.

Linn County's population in 2003 was estimated at 197,110. This represents an increase of 27,810 residents over the 1990 census figure. The civilian labor force in Cedar Rapids grew from 96,600 people in 1990 to 117,700 people in 2003. Unemployment fell from 5.5 percent in 1990 to 4.4 percent in 2003.

Goods producing employment continues to decline in the Cedar Rapids metro area dropping from 25,000 in 2002 to 24,100 in 2003. Service producing employment for the metro area, which has been growing historically, held steady between 2002 and 2003 at 93,500 jobs. Since 1990, over 20,500 service-producing jobs have been added in the Cedar Rapids metro area.

Rockwell Collins remains the largest employer in the region with a workforce of 7,162, producing advanced communications and aviation electronics for government and commercial customers. The company is a leading supplier of commercial and military aviation electronics and communication systems.

Virtually every commercial airliner worldwide flies with Collins equipment and almost 70 percent of all U. S. military airborne communications is transmitted on Collins equipment. In new business dimensions, the company is advancing the technologies of interactive in-flight entertainment, direct broadcast satellite TV and cabin management systems for commercial and business aircraft. As a leader in GPS technology, Rockwell Collins is applying its expertise to improve air traffic management and safety in increasingly crowded airways. Employing more than 2,500 scientists and engineers, Rockwell Collins has the state's largest technical workforce. Rockwell Collins also supports the teaching of math and science in schools with a well-established K-12 education partnership program.

Construction activity, which includes developments in commercial, industrial and single/multiple dwelling categories, declined somewhat from the previous year. Building permit valuation for all construction activity in the City of Cedar Rapids stood at \$138,226,684 in 2003, compared to \$152,780,341, in 2002. Single-family housing starts in Cedar Rapids experienced a slight decrease over the prior year declining from \$37,741,513 in 2002, to \$37,635,431 in 2003. Permits for 378 new single-family dwellings were issued in Cedar Rapids in 2003, an increase from the 370 permits issued the previous year. In the Cedar Rapids metropolitan area, 681 permits for single-family dwellings were issued.

Retail sales in Linn County reached an all time high in 2003 of \$2.329 billion, up from \$2.277 billion in 2002. The three largest sectors of retail sales in the Cedar Rapids metropolitan area were Utilities at \$497.2 million, General Merchandise at \$376.4 million and Services at \$313.2 million. Since 1990 retail sales have increased by more than \$1.26 billion dollars.

Mean household income, (as measured in 1996 dollars) in the Cedar Rapids metropolitan area increased to \$70,115 in 2003, from \$69,700 in 2002. Income per capita, (also measured in 1996 dollars) shows similar trends increasing to \$28,761 in 2003 from \$28,498 the previous year.

Steeped in the lore and history of Cedar Rapids is the early emergence of agriculture-based businesses. The sector continues to make up an important base of the economy. Quaker Food and Beverages, a division of Pepsico Inc. runs the world's largest cereal manufacturing plant in Cedar Rapids. General Mills, HJ Heinz, Ralston Foods, Diamond V Mills, Penford Products, ADM Corn Processing and Cargill all have key positions in our agriculture-based economy.

Cedar Rapids is also home to Genencor International and JRS Pharma LP, where their bioproducts plants illustrate good marriages between high technology and agribusiness. Genencor is a leading producer of industrial enzymes and other chemicals. Customers routinely use their products to make common household items such as laundry detergents and soft drinks.

The insurance and financial services sectors have been a source of growth and strength in the area economy. AEGON Insurance Group and United Fire Group are giants in the insurance industry and long-time players in the local community. Toyota Financial Services, GreatAmerica Leasing and GE Capital/Vendor Financial Services are more recent additions to the community, highlighting some of the tremendous growth of the 1990's.

Likewise, computer software, engineering and telecommunications industries changed the face of Cedar Rapids in recent years with major investments in the community. McLeodUSA, MCI, Skyworks Solutions Inc, Siemens Transportation, Systems Integrated-Local Government Division, Riverdeep and Fiserv Life Insurance Solutions are but a few examples of the successes in this sector.

Cedar Rapids is also a regional leader in service industries, retail sales, and other businesses such as health care and government services. The variety of business and industry not only helps insulate the community from rocky economic times, it also virtually assures newcomers of finding a job that fits their skills and education.

Cedar Rapids has teamed with its partner to the south, Iowa City, to market the region as an ideal location for new technology based business. The Technology Corridor has a dynamic lineup of tech-based companies like Rockwell Collins, ACT, Integrated DNA, Genencor International and NCS/Pearson. Total employment in the "Technology Corridor" stood at 192,900 in 2003.

District Accomplishments 2003-2004

Past efforts on behalf of our children have been legion, and we are especially grateful to our wonderful community as we look back on the 2003-04 school year. It was a year of notable academic achievement as well as stellar performances in the arts and athletics.

Accomplishments included:

- Achieved annual goal for growth in reading, math, and science as set in the Comprehensive School Improvement Plan.
- District's Teacher Mentoring Program received a National Education Association Saturn/UAW Partnership Award.
- Completed bond-funded school repairs and construction within budget.
- District's e-portfolio teacher evaluation tool remains a model for other school Districts.
- Updated learning standards and assessments for reading, mathematics, and science in grades kindergarten through 12.
- Maintained a high level of family and community involvement.
- Received a \$150,000 fire safety grant to replace fire alarm/smoke detector systems at Arthur, Garfield, Grant, Harrison, Pierce, and Polk elementaries and the ESC Annex.
- Received \$500,000 Iowa Demonstration Construction Grant to replace HVAC and plumbing at McKinley Middle School.

Improved Learning Environments

The District completed the fourth year of its \$52.7 million facilities plan funded by voter-approved bonds plus federal and state grants. The repairs, upgrades, and new spaces continued to improve the learning and teaching environment in our schools. Projects accomplished during the year included:

- Instructional media center and six primary classrooms at Hoover Elementary School.
- Heating, ventilation, air conditioning, and water pipe replacement at McKinley Middle School.

This facilities plan will be finished in the coming year with completion of the final project:

- Heating, ventilation, air conditioning, and water pipe replacement at Wilson School.

Accomplishments for Students with Disabilities

- Students receiving special education services are achievers. 75% demonstrated substantial progress toward the goals in their Individual Education Plans.
- Students with disabilities are striving to reach their full potential. 86% made substantial progress toward greater independence.
- Parents are active partners in the educational process for their students. 95% of parents participated in annual Individualized Education Plan meetings.
- Intervention begins with young children. Last year, 168 students ages 3-5, with disabilities, were served in Early Childhood Special Education programs.
- Students are achieving literacy. Students in special reading programs, on average, gained one year of growth.
- Students with disabilities are a part of our community. More than 300 high school students worked at job placement and transition sites around the city.

Low Dropout Rate

The dropout rate for students in grades 7-12 (including alternative high school) was .38%. The District has been highlighted in the Wall Street Journal for its high graduation numbers.

Updated Teaching Tools

Last school year, \$4.1 million was invested in new curriculum, teaching tools, and technology. These funds come from the Instructional Support Levy and break down as follows:

- \$880,424 for kindergarten reading assistance.
- \$1.2 million for technology software, hardware, support, and staff development.

- \$882,000 for instructional materials and supplies (science equipment, band instruments, etc.).
- \$1.2 million for curriculum needs (textbooks, learning materials, staff development, etc.).

Business Partnerships

Every school in the District has one official business partner, and some have as many as five. A few examples include:

- Timberland Corporation designed and funded a butterfly garden and outdoor learning center at Polk Elementary.
- Mercy Medical Center provided medical career tours for students at McKinley Middle School.
- GE Capital funded the purchase of Orff xylophones for Van Buren Elementary, helping to inspire imagination and creativity in students.

Budgetary Highlights

Budgetary Controls

The Board of Directors annually adopts a budget on a basis consistent with generally accepted accounting principles. In accordance with state law, annual budgets are adopted for the General, Management, Student Activity, Physical Plant and Equipment, Capital Projects, Debt Service and School Nutrition Funds as a whole. Appropriations lapse at fiscal year-end and then are reappropriated for the next year, if necessary. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

By April 15 of each year, the budget must be adopted by an affirmative vote of a majority of the Board of Directors for the fiscal year beginning July 1 through June 30, which immediately follows. Once adopted, the budget can be amended through the same process, with all budget amendments to be completed by May 31 of the budget year affected.

Expenditures during a school year may not exceed the lesser of the certified budget plus any allowable amendments, or the authorized budget, which is the sum of the District cost for that year plus the actual miscellaneous revenue received for that year plus the actual unspent balance from the preceding year.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. Combined budgeted expenditures from all District funds, Governmental and Proprietary, are “certified” based upon four functional categories. These four functional areas are instruction, support services, non-instructional programs and other expenditures.

It is the actual expenditures in each of these categories that are compared at year-end to the “certified” spending levels to determine whether or not the District has exceeded its certified budget in any one of these respective categories. During the year, expenditures in each of these four functional categories did not exceed the certified budget.

Additional information regarding budgetary legal compliance may be found in the Required Supplementary Information section following the Notes to the Financial Statements.

General Fund Budgetary Highlights

Of all Governmental Funds, the General Fund is by far the largest, comprising over three quarters of all Governmental Fund expenses in the fiscal year. Due to the sheer size of the General Fund it is important to point out a few important highlights that occurred during the 2003-2004 fiscal year.

- State allowable growth for public schools in fiscal year 2003-2004 was 2%. Coupled with an enrollment decline of approximately 205 students or 1.2% of enrollment, the District relied on the State budget guarantee program that ensured the District would receive revenue growth or "new money" of 1% over the prior year.
- Faced with the prospect of growing wages and benefits and with little new money to support such growth, the District was forced to make \$2.9 million in budget reductions for FY04. Budgets in the Office of the Superintendent, Technology, Communications, Human Resources, and Business Services were reduced by 5% across the board while the Office of Learning and Leadership was reduced by 3.5% in an effort to minimize the impact upon student learning. The majority of savings was gained from staff reductions. In all, the District experienced a reduction of 37 teaching positions and 49 support staff.
- The District continued to replenish cash reserves by increasing the cash reserve levy from \$7.05 million in FY03, to \$8.00 million in FY04. General Fund cash reserves had been depleted due to an across the board State aid cut of 4.3% in FY02, amounting to \$2.75 million and again in FY04, amounting to \$1.65 million.
- The impact of increasing the cash reserve levy, as well as targeted budget reductions over the past three fiscal years is reflected in the ending fund balance of the General Fund, increasing from \$4.9 million, or 3.7% of expenditures at the end of FY03, to \$10.1 million, or 7.6% of expenditures, at the end of FY04.
- General Fund expenditures, excluding other financing sources, totaled \$131.9 million for the fiscal year compared with \$130.9 million in the previous year, representing an increase of \$1.0 million in expenditures, or less than 1% budget growth.

Internal Control

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of federal, state and local financial assistance, the District is also responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. As a part of the District's single audit, described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards programs, as well as to determine that the District has complied with applicable laws and regulations.

Enterprise Operation

Revenues in the School Nutrition Fund totaled \$6,089,854, representing an increase of \$328,106 over the fiscal year 2003 amount. Operating expenses and transfers to other funds for the School Nutrition Fund totaled \$5,883,169, representing an increase of \$78,775 from the fiscal year 2003 amount. Retained earnings were \$1,029,680 at June 30, 2004 compared to \$822,995 for the prior fiscal period, resulting in an increase of \$206,685 for the year.

The fund's finances were solid over the year, due to an increase of approximately 5% in meal ticket prices that was implemented at the beginning of the 2003-2004 school year. In order to insure that the fund's reserves remain stable to growing in the long term, another ticket price increase of approximately 5% was approved for the 2004-2005 school year.

A major achievement in the Food and Nutrition Department was the installation of a new point of sale meal accounting system. The system was fully operational throughout the 2002-2003 school year. Payment for this system will be over a five-year period, resulting in additional operating costs to the program. Continued vigilance of the School Nutrition program finances will be necessary over the course of the next several years as the department implements the replacement of aging kitchen equipment at many locations in our District.

Debt Administration

On December 12, 2000, the District successfully passed a \$46 million bond referendum for improvement of District facilities. In January of 2001, the District sold \$10 million in general obligation bonds for the purpose of financing school building renovations and new construction. In December 2001, the District sold the remaining \$36 million in general obligation bonds to take advantage of historically low interest rates. As of June 30, 2004, the District has total general obligation bonded indebtedness of \$43.025 million.

Cash Management

The District, in its effort to be a good manager of public funds, competitively bids its banking services. To maximize investment return while complying with Iowa Code Chapters 12B and 12C, related to allowable investments of the District's public funds, the District invested solely in savings accounts and bank certificates of deposit during the fiscal year ended June 30, 2004.

Interest revenue of \$505,751 was earned on all investments for the year ended June 30, 2004. This represents a decrease of \$597,584 or 54% over fiscal year 2003 earnings. This decrease is mostly in the Capital Projects Fund, (\$522,221) because of the lower amount of principal invested as the District's capital improvement program nears its conclusion. Additionally, low investment revenues experienced by the District are attributable to the Federal Reserve's monetary policy of continued low federal funds interest rates throughout the course of the 2003-2004 fiscal year.

Risk Management

The District currently covers property, liability and worker's compensation losses with traditional insurance coverage through the Iowa Association of School Board's, (IASB) group plan carried by Employer's Mutual Insurance Company. Last year all 367 public school Districts in the state of Iowa participated in the IASB Insurance Program.

Independent Audit

The Code of the State of Iowa requires an annual audit of the District to be performed by an accounting firm selected in a competitively bid process. The annual audit meets the requirements of the Code of Iowa, generally accepted auditing standards and the requirements of the 1996 Amendment to the Single Audit Act, and related OMB Circular A-133. The auditor's report on the basic financial statements and combining and individual fund statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in a separate section for internal controls and compliance.

Certificate of Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada, (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting and the Association of School Business Officials International, (ASBO) awards a Certificate of Excellence in Financial Reporting. The Cedar Rapids Community School District received both of these Certificates for its comprehensive annual financial report for the fiscal year ending June 30, 2003. This was the ninth consecutive year that the District has achieved these prestigious awards. Each Certificate is a prestigious national award, recognizing conformance with the highest standards for preparation of government financial reports.

In order to be eligible to receive the Certificates, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, (CAFR) whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principals and applicable legal requirements.

These Certificates are valid for a period of one year only. We believe that our current CAFR continues to meet the requirements for both awards and therefore, we are submitting it to GFOA and ASBO to determine its eligibility for each Certificate.

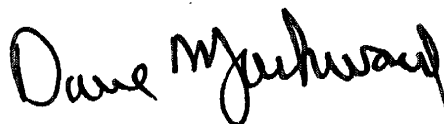
Acknowledgments

The publication of this report is a major step toward the commitment to professionalism in financial reporting and significantly increases the accountability of the District to the taxpayers. This report would not have been possible without the help of several people. We would like to express our appreciation to all District, and County employees who assisted in the preparation of this report. A special thank you is extended to Barb Harms the Accounting Manager, for assistance in planning, designing, preparing and reviewing this financial report.

Finally, sincere appreciation is extended to the Board of Directors, where the commitment to excellence begins. It is with great pride that this year's Comprehensive Annual Financial Report is submitted to the Board of Directors.



Steve Graham
Executive Director of Business
Services, Board Treasurer



Dr. David Markward
Superintendent of Schools



Certificate of Achievement for Excellence in Financial Reporting

Presented to
Cedar Rapids
Community School District,
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Ziehl

President

Jeffrey R. Enen

Executive Director



This Certificate of Excellence in Financial Reporting is presented to

CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2003

Upon recommendation of the Association's Panel of Review which has judged the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

William S. Zell
President

James W. Keller
Executive Director

Cedar Rapids Community School District

Board of Directors and District Officials

Year ended June 30, 2004

Name	Title	Term Expires
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Board of Directors (Before September 2003 election)

Susan McDermott	President	2003
Dennis Kral	Vice-President	2004
Richard Bradford	Director	2004
Douglas Henderson	Director	2003
Mary Meisterling	Director	2005
Ann Rosenthal	Director	2005
Keith J. Westercamp	Director	2003

Board of Directors (After September 2003 election)

Mary Meisterling	President	2005
Ann Rosenthal	Vice-President	2005
Richard Bradford	Director	2004
Ken Childress	Director	2006
Jeff Ilten	Director	2006
Dennis Kral	Vice-President	2004
Keith J. Westercamp	Director	2006

District Officials

Dr. Lewis Finch	Superintendent for 2003-2004
Dr. David Markward	Superintendent – Effective July 1, 2004
Laurel Day	Board Secretary
Steve Graham	Board Treasurer



Financial Section

Independent Auditor's Report

Board of Directors
Cedar Rapids Community School District
Cedar Rapids, Iowa

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Cedar Rapids Community School District, Cedar Rapids, Iowa, as of and for the year ended June 30, 2004 which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Cedar Rapids Community School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Cedar Rapids Community School District, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2004 on our consideration of Cedar Rapids Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 18 through 36 and 68 through 75 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cedar Rapids Community School District's basic financial statements. The combining and individual fund financial statements and schedules, and internal controls and compliance section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clifton Henderson LLP

Clinton, Iowa
September 10, 2004



Management's Discussion and Analysis (MD&A)

Management Discussion and Analysis

This section of the Cedar Rapids Community School District's Comprehensive Annual Financial Report presents its "discussion and analysis" of the District's financial performance during the fiscal year ending June 30, 2004. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- Faced with the prospect of growing wages and benefits and very low new money growth to support such growth, the District was forced to make \$2.9 million in budget reductions for FY04. Budgets in the Office of the Superintendent, Technology, Communications, Human Resources, and Business Services were reduced by 5% across the board, while the Office of Learning Leadership was reduced by 3.5% in an effort to minimize the impact upon student learning. The majority of savings was gained from staff reductions. In all, the District experienced a reduction of an estimated 37 teaching positions and 49 support staff.
- As a result of targeted budget reductions and an increase in the District's cash reserve levy, the General Fund ending fund balance increased from \$4.9 million in fiscal year 2003 to \$10.1 million in fiscal year 2004.
- Declining investment revenues resulting from a combination of continued low interest rates and declining investment balances, continued for the second consecutive year in fiscal year 2004. Two years ago the District enjoyed investment revenues of \$209,098 in the General Fund alone. In fiscal year 2003 that dropped to \$182,183, with investment revenues for fiscal year 2004 suffering yet another decline to \$122,948.
- The District's \$52.7 million plan of facilities construction and improvement progressed through its fourth fiscal year. Capital expenses over the past four fiscal years now total over \$47.15 million. This program was made possible by overwhelming voter approval of a \$46 million bond issue on December 12, 2000. Federal and State grants totaling \$4.25 million have helped to fully fund all capital projects.

Some projects completed or in progress during fiscal year 2004 include:

- New instructional media center and six primary classrooms at Hoover Elementary School.
- New instructional media center at Pierce Elementary School.
- Heating, ventilation, air conditioning, and water pipe replacement at Franklin and McKinley Middle Schools.

All projects are estimated to be completed by the end of fiscal year 2005-2006 with an estimated ending balance in the Capital Projects fund of \$1 million.

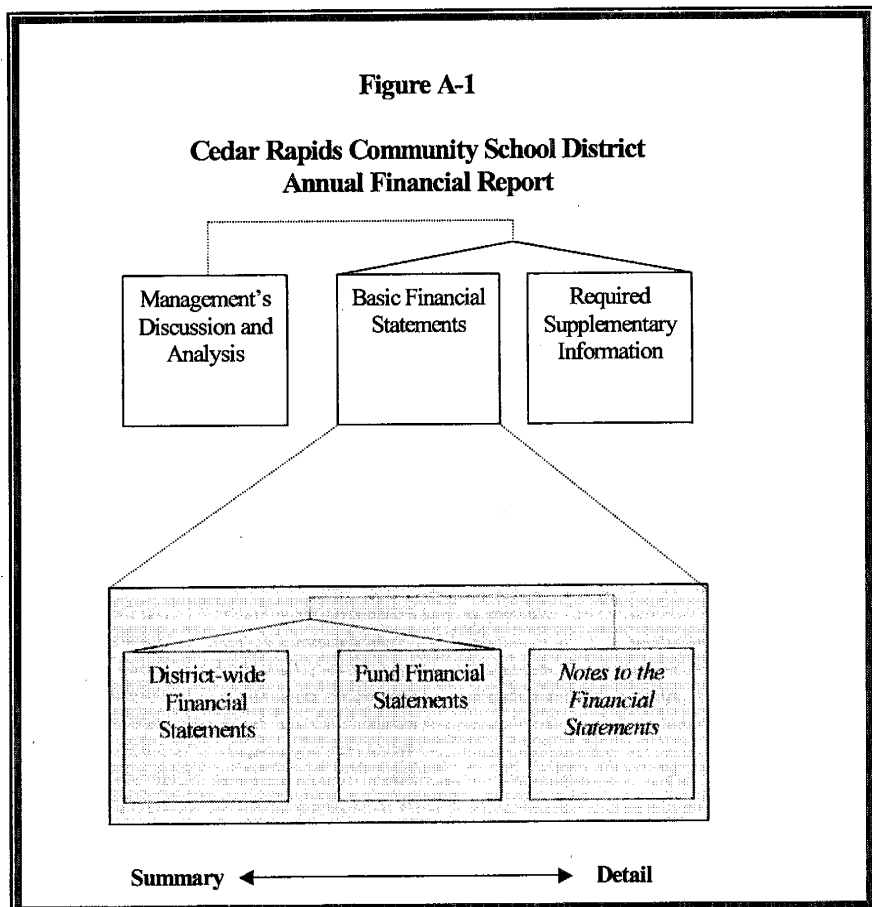
Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are ***District-wide financial statements*** that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are ***fund financial statements*** that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
- The ***governmental funds statements*** tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- ***Proprietary funds statements*** offer short and long-term financial information about the activities the District operates like businesses, such as food services.
- ***Fiduciary funds statements*** provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-2 below summarizes the major features of the District's



financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2: Major Features of the District Wide and Fund Financial Statements

	District-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services is included here	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Financial Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service program would be included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts) or to show that it is properly using certain revenues, (such as federal grants).

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide

statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

- **Proprietary funds:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds*, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. At this time the District chooses not to use any internal service funds.
- **Fiduciary funds:** The District is the trustee, or *fiduciary*, for assets that belong to others, such as a scholarship fund. The District accounts for outside donations to specific District schools for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Net Assets. Significant changes in the District's net assets are evidenced below in Figure A-3. Combined total assets have increased by 4.4 percent or \$7.1 million while combined total liabilities have decreased 1.2 percent or \$1.7 million. These changes are largely due to the increase of capital assets related to the bond issue funded new

Figure A-3

Condensed Statement of Net Assets (in millions of dollars)

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	2003	2004	2003	2004	2003	2004	2003-2004
Current and other assets	\$106.7	\$105.8	\$0.3	\$0.6	\$107.0	\$106.4	-0.6%
Capital assets	<u>53.0</u>	<u>60.8</u>	<u>0.6</u>	<u>0.5</u>	<u>53.6</u>	<u>61.3</u>	14.4%
Total assets	159.7	166.6	0.9	1.1	160.6	167.7	4.4%
Current liabilities	90.7	92.2	0.1	0.1	90.8	92.3	1.7%
Long term debt	<u>49.9</u>	<u>46.7</u>	<u>0.0</u>	<u>0.0</u>	<u>49.9</u>	<u>46.7</u>	-6.4%
Total liabilities	140.6	138.9	0.1	0.1	140.7	139.0	-1.2%
Net assets							
Invested in capital assets							
net of related debt	18.2	19.9	0.6	0.5	18.8	20.4	8.5%
Restricted	0.6	1.5	0.0	0.0	0.6	1.5	150.0%
Unrestricted	<u>0.3</u>	<u>6.3</u>	<u>0.2</u>	<u>0.5</u>	<u>0.5</u>	<u>6.8</u>	1260.0%
Total net assets	\$19.1	\$27.7	\$0.8	\$1.0	\$19.9	\$28.7	44.2%

Note: totals may not add due to rounding.

construction. An increase of combined total net assets of \$8.8 million occurred over the fiscal year as a result.

Changes in Net Assets as shown in Figure A-4 below, show that the District as a whole experienced a 1.1% increase in operating revenues while experiencing a 6.1% increase in operating expenses. The increase of \$1 million in charges for services was due to an increase in student activity revenues of \$667,000 and an increase of \$264,000 in special education tuition from non-residents. There was also an increase in operating grants of \$600,000, primarily in federal funding for Title I and IDEA. Overall, property tax revenues grew slightly, led by a \$1.0 million increase in the General Fund's cash reserve levy in FY04.

On the other side of the ledger, the significant growth in instruction expenses is related to increases in regular instruction of \$1.1 million (early retirement for teachers) and special instruction of \$1.8 million (special education salaries & benefits and Title I expenses) and co-curricular activities of \$745,000.

Figure A-4
Changes in Net Assets from Operating Results (in millions of dollars)

	Governmental Activities		Business-type Activities		Total School District		Percentage Change
	2003	2004	2003	2004	2003	2004	2003-2004
Revenues							
Program revenues							
Charges for services	\$ 12.5	\$ 13.5	\$ 3.3	\$ 3.3	\$ 15.8	\$ 16.8	6.3%
Operating Grants & Contributions	15.8	16.4	2.5	2.7	18.3	19.1	4.4%
Capital Grants & Contributions	1.9	1.2	-	-	1.9	1.2	-36.8%
General revenues							
Property taxes	62.5	63.2	-	-	62.5	63.2	1.1%
State formula aid not restricted	61.2	61.6	-	-	61.2	61.6	0.7%
Other	1.9	1.4	-	0.1	1.9	1.5	-21.1%
Total revenues	\$ 155.8	\$ 157.3	\$ 5.8	\$ 6.1	\$ 161.6	\$ 163.4	1.1%
Expenses							
Instruction	\$ 93.4	\$ 97.1	-	-	\$ 93.4	\$ 97.1	4.0%
Pupil & Instructional Services	12.2	12.4	-	-	12.2	12.4	1.6%
Administrative & Business	11.1	10.7	-	-	11.1	10.7	-3.6%
Maintenance & operations	11.0	10.9	-	-	11.0	10.9	-0.9%
Transportation	2.5	2.3	-	-	2.5	2.3	-8.0%
Other	9.7	15.4	5.8	5.8	15.5	21.2	36.8%
Total expenses	\$ 139.9	\$ 148.8	\$ 5.8	\$ 5.8	\$ 145.7	\$ 154.6	6.1%
Increase (decrease) in net assets	15.9	8.5	-	0.3	15.9	8.8	

Note: totals may not add due to rounding.

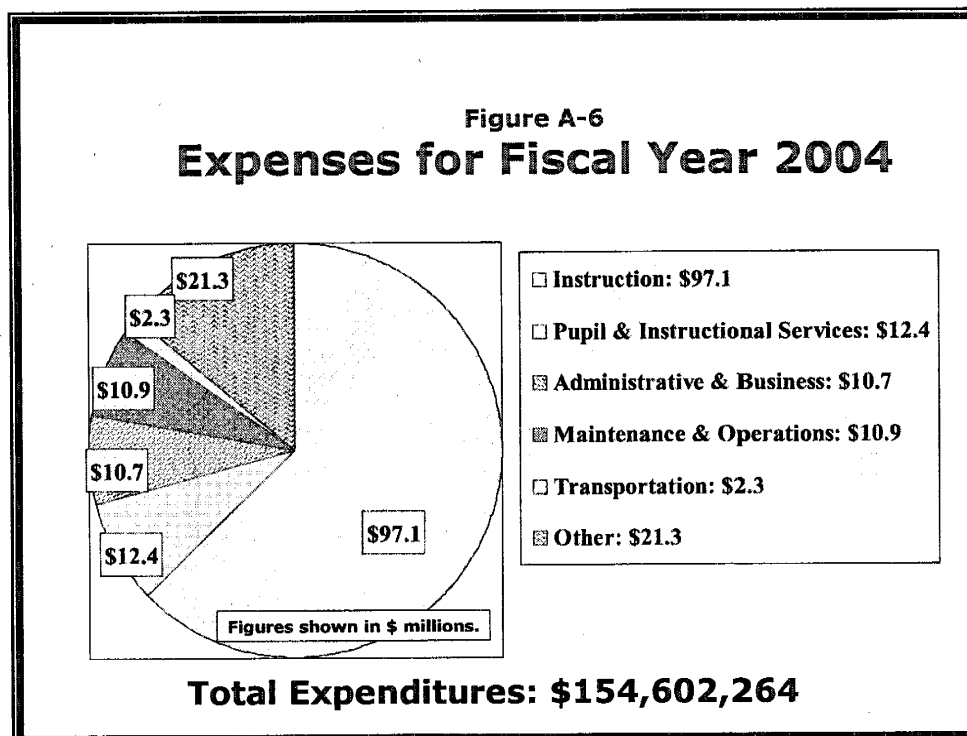
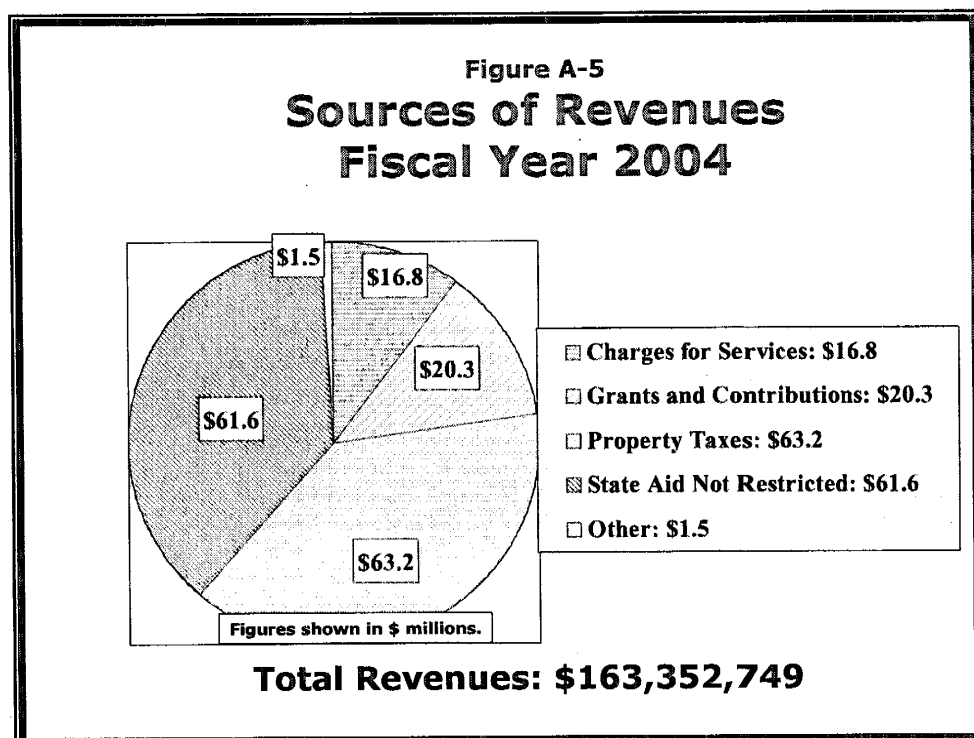
The increase in "other" expenses is due to a combination of facility construction expenses and the timing of asset capitalization related to those expenses. In FY03 the

District incurred nearly equal amounts in capital expenses and capital assets additions. In FY04 the District incurred more in capital expenses than it recorded in capital asset additions. These adjustments required by GASB 34 account for the \$5.7 increase in this category.

Figure A-5, shows the sources of total District revenues. Property Taxes, the largest revenue source, comprises 39% of District revenues while State Foundation Aid holds a nearly equal share at 38%. Grant revenues from Federal, State and local sources playing an increasingly important role in funding District programs represent 13% of District revenues. Charges for services, largely tuition charges, comprise 10% of District revenues.

Total District expenses are reflected in Figure A-6. As can be seen, the vast majority of District

resources (71%), are devoted to direct Instruction and Pupil & Instructional Services. Bond supported capital projects totaling \$4.0 million are reported in the "Other"



category. Fiscal year 2004 marks the fourth complete year of the District's five year \$52.7 million capital improvements program, supported primarily by the sale of \$46 million in general obligation bonds. The "Other" category also includes \$5.2 million in state mandated "flow through" funding support to Grant Wood Area Education Agency. Grant Wood AEA is an intermediary educational unit providing instructional support to 33 public school Districts and 35 nonpublic schools in eastern Iowa.

Governmental Activities

Despite an unemployment rate that has increased slightly from 4% to 4.4% over the past year in the metro area, the strength of the local economy was evident as the District experienced an increase in the overall property tax base. Taxable valuation increased approximately 3 percent, from \$3.86 billion to \$3.97 billion over the prior fiscal year. As can be seen in Figure A-7 below, the tax base of the Cedar Rapids Community School District has grown at an average annual rate of 3% over the past eight years.

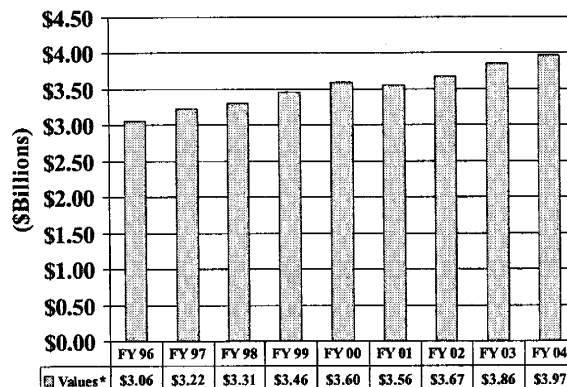
Despite the historical growth in our increase in property tax base, which tends to mitigate increases in the tax levy rate, the overall District tax rate trends over recent years, as depicted in Figure A-8 below, have shown a gradual increase overall with a significant increase of over 18% between FY2002 and FY2003.

The reasons for this significant increase are three fold: First, the District increased its cash reserve levy in order to replace a loss of \$2.75 million due to an across the board cut in state foundation aid, and to build cash reserves that had been depleted in recent years.

Second, the District

Property Tax Valuation Trends

Figure A-7

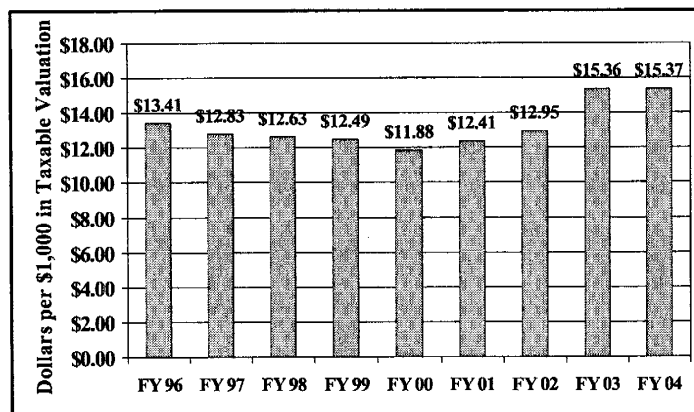


Average Annual Growth Rate Past Eight Years: 3%

*Excludes TIF valuations

District Levy Rate Trends

Figure A-8



began full payment on general obligation bond debt as authorized by voters following a December 12, 2000, voter approved \$46 million bond issue to fund District infrastructure improvements.

Finally, the Board of Education approved an increase in the property tax funded early retirement program to encourage District staff to retire and allow attrition to reduce the number of employees on the payroll in order to reduce the General Fund budget.

The levy rate in FY04 was virtually unchanged rising one penny to \$15.37. The same three budget dynamics of bond debt, early retirement and continued replenishment of cash reserves requiring local property tax revenues existed in FY04 as in the previous fiscal year.

Figure A-9 presents the cost of six major District activities: Instruction, Pupil and Instructional Services, Administrative and Business, Maintenance and Operations, Transportation and Other. The table shows each activity's *net cost*, (total costs, less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions. Several highlights include the following:

Figure A-9

Net Cost of Governmental Activities (in millions of dollars)

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2003	2004	2003-2004	2003	2004	2003-2004
Instruction	\$ 93.4	\$ 97.1	4.0%	\$ 73.6	\$ 75.6	2.7%
Pupil & Instructional Services	12.2	12.4	1.6%	12.0	12.1	0.8%
Administrative & Business	11.1	10.7	-3.6%	11.1	10.7	-3.6%
Maintenance & operations	11.0	10.9	-0.9%	11.0	10.9	-0.9%
Transportation	2.5	2.3	-8.0%	2.3	2.2	-4.3%
Other	9.7	15.4	58.8%	(0.3)	6.1	-2133.3%
Total	\$ 139.9	\$ 148.8	6.4%	\$ 109.7	\$ 117.6	7.2%

Note: totals may not add due to rounding.

- The cost of all governmental activities this year was \$148.8 million.
- Some of the cost was financed by the users of the District's programs, (\$13.5 million).
- The federal and state governments as well as local sources, subsidized certain programs with grants and contributions, (\$17.7 million).
- Most of the District's costs (\$117.6 million), however, were financed by District and state taxpayers.
- This portion of governmental activities was financed with \$63.2 million in property taxes, \$61.6 million in unrestricted state aid based in large part on the statewide education aid formula and investment earnings.

- Property taxes and state education aid exceeded net governmental costs by \$7.2 million, accounting for the majority of the \$8.5 million increase in District-wide net assets.

Business-Type Activities

Revenues of the District's business-type activities rose slightly over the previous year from \$5.8 million to \$6.1 million. Charges for services totaled \$3.3 million with operating grants and contributions, (federal and state subsidies) totaling \$2.8 million. Expenses for the year held steady from the previous year at \$5.8 million. (Refer to Figure A-4.) At the present time, the Food and Nutrition Fund is the only fund categorized as a Business-Type Activity.

Other highlights of the Food and Nutrition Fund include:

- Students qualifying for the free and reduced lunch program increased from 31.4% to 34.5% of District students.
- A beginning of the year 5% increase in ticket prices was implemented to boost program revenues and ensure replacement of aging kitchen equipment.
- Implementation of a Nutrient Analysis program to improve overall standards in student nutrition.
- Continued student participation increases in the program, (serving an average of 11,051 students per day during the 2003-2004 school year compared to 10,932 in the prior year) reflecting continued improved student satisfaction levels.

Financial Analysis of The District's Funds

A summary financial analysis of each individual District Fund follows:

Business-Type Fund Highlights

- The **Food and Nutrition Fund** as previously stated, is the District's only fund categorized as a Business-Type Fund. Fund balances in the Food and Nutrition Fund improved slightly from \$.82 million to \$1.03 million over the past fiscal year. This increase reflects sound business practices in aligning meal pricing to reflect all costs of operations. Continued vigilance over the renewal of the program's aging equipment continues to be an important focus.
- Currently, the program has equipment valued at \$2.6 million with total accumulated depreciation of \$2.1 million. With over 79 percent of kitchen equipment fully depreciated it is clear that the program's equipment is aging and in need of continued investment.

Governmental Fund Highlights

Most District functions are financed through the governmental fund types, which include the General, Special Revenue, Debt Service and Capital Projects Funds. Due to the significant size and scope of the General Fund, revenues and expense summaries that follow will be separated into General Fund only and then "all other Governmental Funds."

General Fund

General educational activities, which are accounted for in the General Fund, are supported principally by local taxes and state aid. A breakdown of General Fund revenues by source follows in Figure A-10.

- Total General Fund revenues increased by 1.5% from the prior period. Increases over the prior year were driven by several key factors. Property taxes increased largely due to an increase in the District's cash reserve levy from \$7.054 million in fiscal year 2003 to \$8.0 million in fiscal year 2004. The cash reserve levy is utilized to fully fund such things as non-funded or under-funded mandated instructional programs.

Figure A-10					
General Fund	FY 2004		FY 2003		
Revenues by Source	Amount	Percent	Amount	Percent	Change
Local Sources					
Property Taxes	\$47,120,297	34.3%	\$46,093,225	34.1%	2.23%
Tuition	5,016,438	3.7%	4,835,499	3.6%	3.74%
Student Fees and Activities	107,869	0.1%	107,869	0.1%	0.00%
Investment Earnings	122,948	0.1%	182,183	0.1%	-32.51%
Other Local Sources	\$7,484,935	5.4%	7,168,067	5.3%	4.42%
State Sources					
State Foundation Aid	60,876,493	44.3%	60,516,196	44.7%	0.60%
Phase I, II and III	1,478,873	1.1%	1,845,578	1.4%	-19.87%
Other State Aid	10,034,165	7.3%	10,403,621	7.7%	-3.55%
Federal Sources					
Title I	2,326,114	1.7%	1,742,176	1.3%	33.52%
Other Federal Aid	2,782,291	2.0%	2,388,104	1.8%	16.51%
Total Revenues	\$137,350,423	100.0%	\$135,282,518	100.0%	1.53%
Other Financing Sources	73,077		67,954		7.54%
Grand Total Resources	\$137,423,500		\$135,350,472		1.53%

- State Foundation Aid revenues increased slightly by 0.6% or \$.36 million over previous year. State Foundation Aid to schools was cut by \$1.65 million during fiscal year 2004, otherwise the growth of State Foundation Aid from the previous year would have been 3.3%

- Due to state funding shortfalls, the Phase III Teacher Education Excellence program was phased out during fiscal year 2004, accounting for a decrease of 20% of state revenues in this area.
- The decline of investment income of 32.5% is a result of a continued decline in interest rates from the previous fiscal year.

General Fund expenses by function for fiscal years 2003 and 2004 are summarized in Figure A-11, as follows.

Due in large part to continued budget cuts, total expenses increased by less than 1% or \$0.95 million from the previous fiscal year. As stated earlier in this Management Discussion and Analysis section, faced with the prospect of growing wages and benefits and with very low new money resources to support such growth, the District was forced to make \$2.9 million in budget reductions for FY04.

The results of these targeted reductions are clearly evident as expenses in key support areas such as Administration, Business Services, Operations and Maintenance and Student Transportation actually saw declines in expenses from the prior fiscal year.

The reduction in Area Education Agency (AEA) support was a result of a cut by the State of Iowa in funding to Grant Wood AEA of \$0.66 million. This amounted to a state funding reduction of 11.2% for the AEA.

Figure A-11					
General Fund	FY 2004		FY 2003		
Expenses by Function	Amount	Percent	Amount	Percent	Change
Instruction	\$88,729,689	67.26%	\$86,971,153	66.40%	2.02%
Student Support Services	4,605,785	3.49%	4,487,987	3.43%	2.62%
Instructional Staff Support Services	7,717,289	5.85%	7,508,729	5.73%	2.78%
General Administration	1,032,754	0.78%	1,118,338	0.85%	-7.65%
School Administration Services	7,162,153	5.44%	7,310,976	5.58%	-2.04%
Business Services	1,931,776	1.46%	2,181,381	1.67%	-11.44%
Operations and Maintenance	9,976,127	7.56%	10,332,266	7.89%	-3.45%
Student Transportation	1,734,064	1.31%	1,982,724	1.51%	-12.54%
Central Support Services	1,483,455	1.12%	1,371,982	1.05%	8.12%
Community Services	2,320,485	1.77%	2,232,322	1.71%	3.95%
AEA Support - Direct to AEA	5,232,029	3.97%	5,474,160	4.18%	-4.42%
Total Expenses	\$131,925,606	100.00%	\$130,972,018	100.00%	0.73%
Other Financing Uses	333,480		338,411		-1.46%
Total Expenses and Uses	\$132,259,086		\$131,310,429		0.72%

All Other Governmental Funds

The revenue and expense summaries that follow include all other Governmental Funds. These funds include the Special Revenue Funds, (comprised of the Activity,

Management and PPEL Funds) Debt Service and Capital Projects Funds. The term, "Major Funds" is a designation required under reporting standards promulgated by the Governmental Accounting Standards Board statement number 34 (GASB 34).

In addition to the General Fund, which is automatically included as a major fund, the District's most "significant" governmental and enterprise funds are also included. Significant, is determined by measuring the "value" of the fund's total assets, liabilities, revenues, or expenses and applying a 10% and 5% test. The ten percent test measures these values against all funds in the respective governmental or enterprise category. The five percent test measures these values against all governmental and enterprise funds combined. In addition, a fund may be considered major if the District believes that the fund is important to the users of its financial statements.

As can be seen in Figure A-12, in addition to the General Fund, the Management, Physical Plant and Equipment Levy (PPEL) and Capital Projects Funds are considered "major funds" in the "Governmental Funds Group" for the reasons described above.

Figure A-12

All Other Governmental Funds, (Excluding General Fund)
Fiscal Year 2004 Revenues

Revenue Source	Major Funds				Total FY 2004	% of Total	Dollar Change Previous Yr.
	Manage- ment	PPEL	Capital Projects	Other Governmental Funds			
Local	\$ 5,391,998	\$ 4,331,751	\$ 545,195	\$ 8,442,803	\$ 18,711,747	92.3%	\$ 180,328
State	6,586	4,940	-	4,714	16,240	0.1%	(639,616)
Federal	-	210,916	996,957	-	1,207,873	6.0%	(67,677)
Total Revenues	\$ 5,398,584	\$ 4,547,607	\$ 1,542,152	\$ 8,447,517	\$ 19,935,860		\$ (526,965)
Other Financing Sources	-	-	-	333,480	333,480	1.6%	2,069
Total Revenue & Other	\$ 5,398,584	\$ 4,547,607	\$ 1,542,152	\$ 8,780,997	\$ 20,269,340	100.0%	\$ (524,896)

Summary of Revenues

In the "All Other Governmental Funds" group, the District experienced a decrease of \$0.5 million in revenues from the prior year. The following points highlight revenue changes in each fund.

- Management and PPEL Fund revenues were largely unchanged from the previous fiscal year.
- Capital Project Fund revenues were affected in a variety of ways.
 - A decrease in "local" investment revenues of over \$0.5 million due to declining fund balances expended in support of the \$52.7 million capital improvements program.
 - A decrease of over \$0.6 million in "state" Vision Iowa funding for upgrading electrical service to 12 elementary, 5 middle, and 4 high schools. These

monies were receipted and expensed from the Capital Projects fund in fiscal year 2003.

- Other Governmental Funds, which are comprised of the Activity and Debt Service Funds, saw an increase in "local" revenues of over \$0.5 million due to increased co-curricular fund raising in the Activity Fund.

Summary of Expenses

In the "All Other Governmental Funds" group, as depicted in Figure A-13, the District experienced a decrease of \$12.5 million in expenses from the previous year. The following points highlight individual fluctuations within each of the funds expenses from the previous year.

- **Management Fund:** Expenses increased by \$1.0 million largely due to an increase in early retirement costs effective beginning in fiscal year 2004. A one time improvement of over 30% in the early retirement benefits was extended to teaching staff in order to reduce the District's teaching ranks through attrition as the District faced another round of budget cuts. These increased benefit costs, will be paid to retirees in equal installments over a period of three years.

Figure A-13

All Other Governmental Funds, (Excluding General Fund)
Fiscal Year 2004 Expenses

Expenses Function	Major Funds				Total FY 2004	% of Total	Dollar Change Previous Yr.
	Manage- ment	PPEL	Capital Projects	Non-Major Funds			
Regular instruction	\$ 3,728,546	\$ -	\$ -	\$ -	\$ 3,728,546	13.6%	\$ 772,157
Special instruction	61,408	-	-	-	61,408	0.2%	61,408
Other instruction	6,972	-	-	4,511,684	4,518,656	16.5%	705,810
Student services	4,058	-	-	-	4,058	0.0%	3,875
Instructional staff support	42,753	-	-	-	42,753	0.2%	(24,331)
General administration services	97,773	-	-	-	97,773	0.4%	(3,425)
School administration services	469,978	-	-	-	469,978	1.7%	99,749
Business services	11,052	50,936	-	-	61,988	0.2%	11,495
Operations and maintenance	807,983	139,048	-	-	947,031	3.5%	262,022
Student transportation	193,739	359,688	-	-	553,427	2.0%	(119,002)
Central services	107,006	13,663	-	-	120,669	0.4%	92,914
Food service operations	-	-	-	-	-	0.0%	(122,331)
Community services	15,893	-	-	-	15,893	0.1%	15,893
Facilities/construction	-	3,399,701	9,065,205	-	12,464,906	45.6%	(14,259,649)
Debt Service Principal	-	-	-	2,070,000	2,070,000	7.6%	725,000
Debt Service Interest	-	-	-	2,208,143	2,208,143	8.1%	(793,522)
Total Expenses	\$ 5,547,161	\$ 3,963,036	\$ 9,065,205	\$ 8,789,827	\$ 27,365,229		\$ (12,571,937)
Other Financing Uses	-	-	-	-	-	0.0%	-
Total Expenses & Other	\$ 5,547,161	\$ 3,963,036	\$ 9,065,205	\$ 8,789,827	\$ 27,365,229	100.0%	\$ (12,571,937)

- **PPEL Fund:** Expenses from the PPEL Fund for infrastructure projects was approximately \$0.5 million less than the previous fiscal year.

- **Capital Projects:** Expenses from the Capital Projects fund declined considerably from the previous fiscal year. Expenses dropped from \$23.8 million to \$9.1 million as the District moved closer towards completion of its \$52.7 million, five year capital improvements program. All capital projects are scheduled to be complete by the end of fiscal year 2006.
- **Non Major Funds:** Non-Major Funds, which are comprised of the Activity and Debt Service Funds, saw a modest increase in expenses of approximately \$0.5 million due to increases in co-curricular spending within the Activity Fund.

Principal and interest expenses related to the Districts \$46 million in general obligation bond debt was largely unchanged from the previous year. From this point forward, it is anticipated that the District will incur approximately \$4 million annually in principal and interest payments over the 20-year life of the general obligation bonded debt, ending in fiscal year 2021.

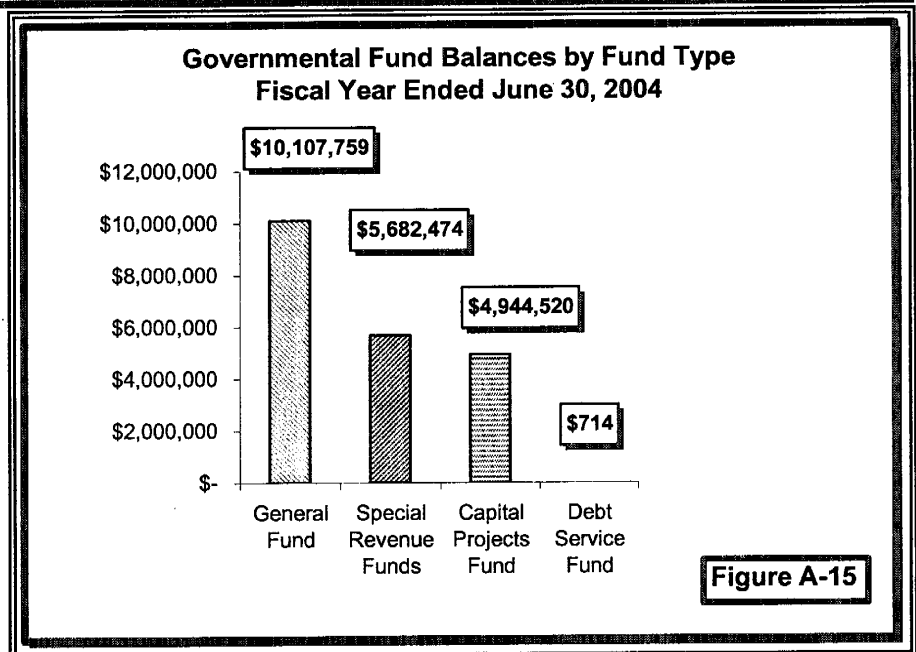
Fund Balances: Governmental Funds

Fund balances reflect the accumulated excess of revenues over expenses for governmental functions. A comparison of individual fund(s) balances can be seen in Figures A-14 and A-15.

Figure A-14

			\$ Increase	% Increase
Fund Balances	June 30, 2004	June 30, 2003	(Decrease)	(Decrease)
General Fund	\$ 10,107,759	\$ 4,943,345	\$ 5,164,414	104.5%
Special Revenue Funds	5,682,474	5,191,453	491,021	9.5%
Capital Projects Fund	4,944,520	12,467,573	(7,523,053)	-60.3%
Debt Service Fund	714	64,570	(63,856)	-98.9%
Total	\$ 20,735,467	\$ 22,666,941	\$ (1,931,474)	-8.5%

The **General Fund** balance experienced a significant increase from the previous fiscal year. This is a result of two significant factors. First the District targeted reductions totaling \$2.9 million for fiscal year 2004, in staffing and instructional equipment and materials.



materials. Secondly, the District increased the cash reserve levy in the General Fund from \$7.054 million in fiscal year 2003 to \$8.0 million in fiscal year 2004. The effects of both budgetary changes are evident in the increase of over \$5 million in the General Fund ending balance.

The **Special Revenue Funds**, (Activity, Management and PPEL funds combined) experienced an increase of approximately \$0.5 million in fund balance from the previous year. This can largely be attributed to the increase in both PPEL and Activity Fund's ending balances from the prior fiscal year. The Management Fund balance decreased by approximately \$0.2 million due to increases in early retirement benefit costs.

The **Capital Projects Fund** experienced a significant draw down in its fund balance. The fund's balance was reduced by over \$7.5 million as capital projects expenses were paid from revenues received from \$46 million in general obligation bond sales that occurred in fiscal years 2001 and 2002.

The ending balance in the **Debt Service Fund** is reflective of levying only the amount of local property tax necessary to pay principal and interest on the District's \$43.03 million in general obligation bond debt outstanding.

Capital Asset and Debt Administrations

Capital Assets

As indicated in Figure A-16, by the end of 2004, the District had invested net of depreciation, \$61.3 million in a broad range of assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. This amount represents a net increase of \$7.7 million or 14 percent from last year.

Figure A-16

Capital Assets (net of depreciation, in millions of dollars)

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	2003	2004	2003	2004	2003	2004	2003-2004
Land	\$ 8.4	\$ 8.4	\$ -	\$ -	\$ 8.4	\$ 8.4	0.0%
Construction in progress	22.9	31.3	-	-	22.9	31.3	36.7%
Buildings	15.8	15.6	-	-	15.8	15.6	-1.3%
Equipment	3.6	3.2	0.6	0.5	4.2	3.7	-11.9%
Vehicles	2.3	2.3	-	-	2.3	2.3	0.0%
	\$ 53.0	\$ 60.8	\$ 0.6	\$ 0.5	\$ 53.6	\$ 61.3	14.4%

Note: totals may not add due to rounding.

This continued increase in capital assets is reflective of the many exciting new construction projects and remodeling improvements to the District's infrastructure made possible with a voter approved \$46 million bond issue passed in December 12, 2000. These include:

- Completion of Viola Gibson Elementary School, the District's first new, state of the art, school building in over 30 years

- Completion of classroom addition and remodeling projects at Taft and Harding Middle Schools
- Geo-thermal HVAC system at Roosevelt and Franklin Middle Schools, (completed) and McKinley Middle School (in progress).
- Science and fine arts additions at Jefferson, Kennedy and Washington High Schools (completed)
- Middle school science and locker room renovations (completed)
- New IMC and classrooms at Hoover Elementary (completed)
- New IMC and remodeled classrooms at Pierce Elementary (completed)

Excluding depreciation, the District has \$113.9 million in capital assets. Governmental funds account for \$111.3 million, with the remainder, \$2.6 million, in the Food and Nutrition Fund, (Business-Type Fund). More detailed information about capital assets can be found in Note 7 to the financial statements.

The biggest change in comparing fiscal year 2004 with the previous year is in the Construction in Progress category. As previously stated, these significant increases are due to construction activity supported by the passage of a \$46 million bond issue in December 2000.

Long-Term Debt

At year-end, the District had \$44.97 million in general obligation bonds and other long-term debt outstanding. This represents a decrease of 4.4% over the previous fiscal year as can be seen in Figure A-17.

Figure A-17

Outstanding Long-Term Debt (in millions of dollars)

	Total School District 2003	2004	Total Percentage Change 2003-2004
General obligation bonds & notes (financed with property taxes)	\$44.800	\$43.030	-4.0%
QZAB bond payable	1.000	1.000	0.0%
Capital loan payable	1.235	0.940	-23.9%
Total	\$47.035	\$44.970	-4.4%

The District has sold all \$46 million in general obligation bonds, approved by voters on December 12, 2000, to help finance a five-year, \$52.7 million in facilities construction and improvements throughout the District. Ten million in general obligation bonds were sold in fiscal year 2000-2001, with the remaining \$36 million sold in fiscal year 2001-2002. Both sales are to be repaid over a twenty-year period. In addition, the District sold \$1 million in federal Qualified Zone Academy Bonds, (QZAB) to fund HVAC improvements at Roosevelt Middle School. QZAB bonds are federally subsidized, zero

interest bonds to be repaid over a 4 year time period. The full amount of the QZAB principal is reported until the bonds are fully paid in fiscal year 2005. As of June 30, 2004 the District did not exceed its legal debt margin of \$162,503,331. More detailed information about long-term debt can be found in Note 9 to the financial statements.

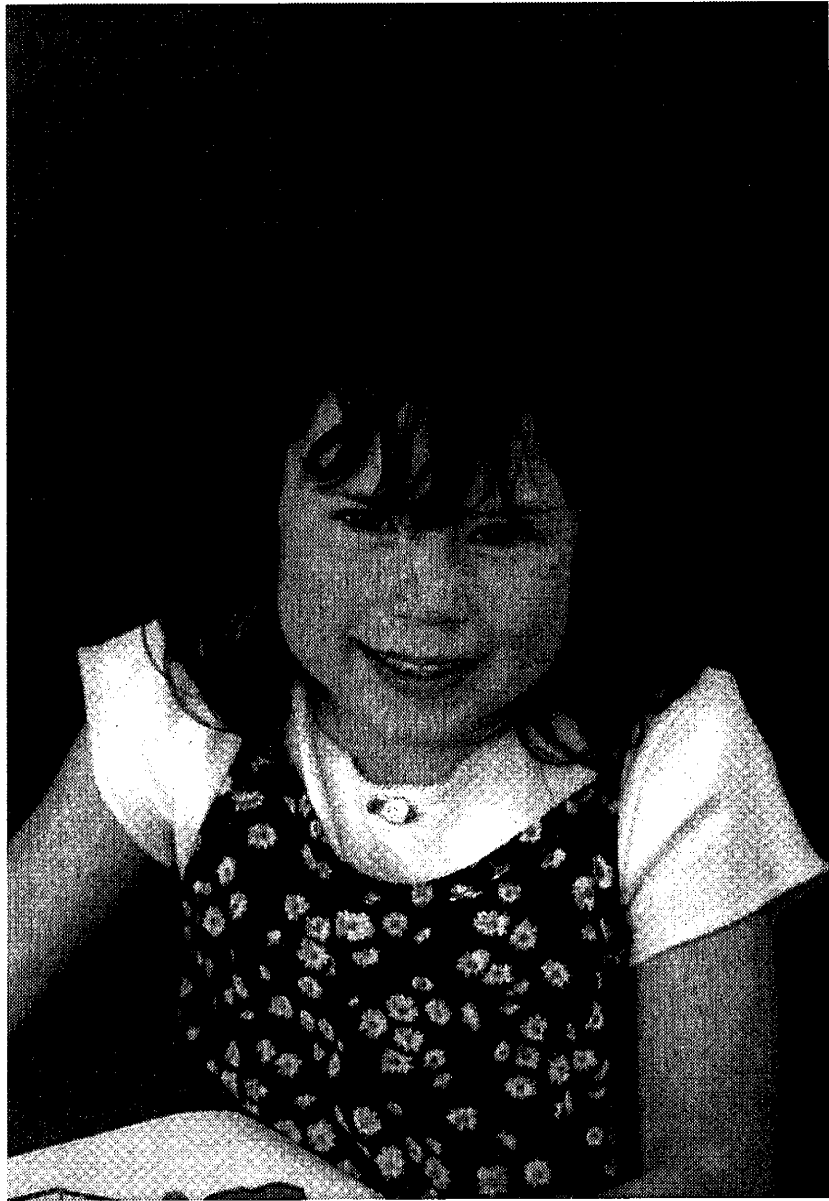
Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of four existing circumstances that could significantly affect its financial health in the future:

- In fiscal year 2002 and again in fiscal year 2004, the state cut, at mid-year, state aid to schools by 4.3% and 2.5% respectively. The impact upon the Cedar Rapids Community School District totaled approximately \$4.6 million in funding cuts. It is certainly a possibility that the state could reduce this funding to schools again and force Districts to consider increasing the property tax supported cash reserve levy to replace these losses.
- Future enrollment stability is a critical element in maintaining a sound financial foundation. In recent years, District enrollment trends have indicated a long-term pattern of decline. This past fall, District enrollment increased by 36 students or 0.2% of total enrollment. This increase came on the heels of a loss of 248 students or 1.4% of total enrollment in the fall of 2003. Funding for public schools in Iowa is based upon total District enrollment.
- In recent years, growth in employee wages and benefits has outpaced state funding to schools. For fiscal year 2004-2005, wages and benefits for District staff increased an average of 2.8% compared to "regular program" revenue growth of 1.0%. In spite of increasing instructional spending authority by \$1.75 million through an increase in the Instructional Support Levy, a General Fund budget reduction totaling \$0.75 million was necessary in order to balance the budget.
- Health insurance costs continue to rise at rates that far exceed both the national rate of inflation and the rate of increase in employee salaries. Health insurance premiums for all employees increased 16% in fiscal year 2005 from the previous year. Because most District employees pay all or a significant share of their health insurance premiums through a salary reduction program, net incomes for many of our District employees actually declined from the previous year.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have questions about this report or need additional financial information, contact Steve Graham, Executive Director – Business Services, Cedar Rapids Community School District, 346 Second Avenue SW, Cedar Rapids, IA 52404.



District-Wide Financial Statements



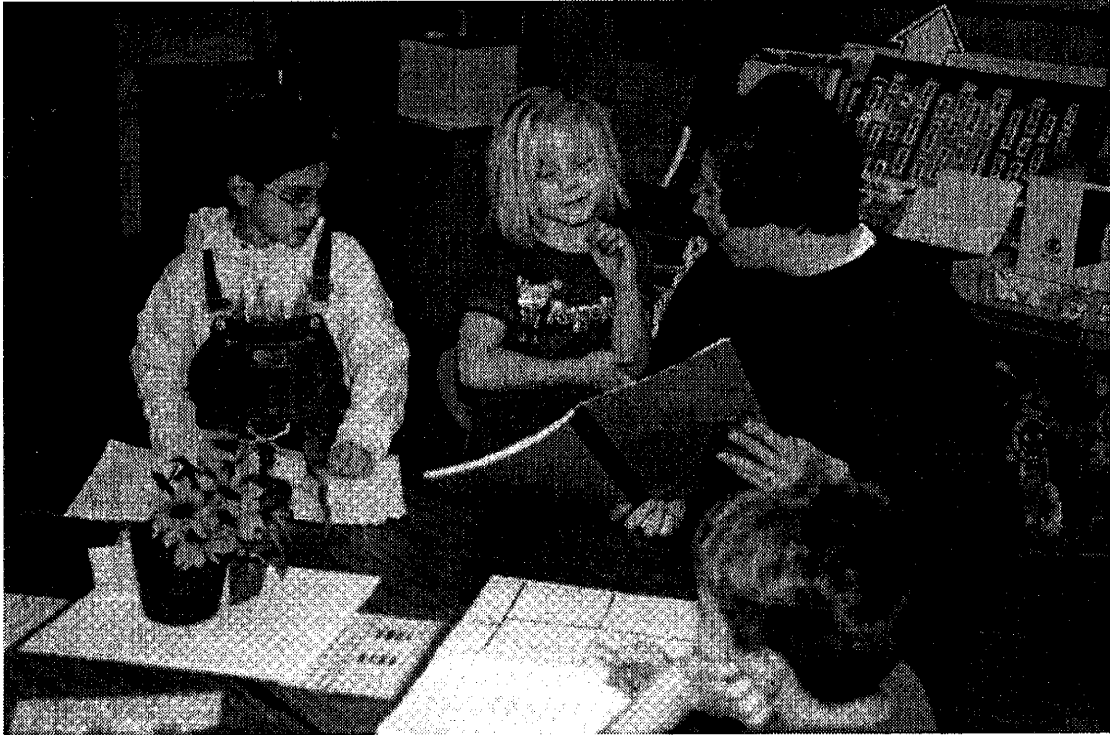
CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2004

	Governmental Activities	Business-Type Activity	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 34,841,232	\$ 541,948	\$ 35,383,180
Receivables:			
Property tax:			
Delinquent	1,102,144	-	1,102,144
Succeeding year	63,213,000	-	63,213,000
Other	1,240,359	23,431	1,263,790
Due from other governments	4,509,654	28,527	4,538,181
Interfund loans	121,270	(121,270)	-
Inventories	226,839	161,627	388,466
Prepaid items	593,440	-	593,440
Total current assets	105,847,938	634,263	106,482,201
Noncurrent assets:			
Capital assets:			
Land and construction in progress	39,653,290	-	39,653,290
Depreciable assets	71,655,631	2,601,084	74,256,715
Less: Accumulated depreciation	(50,504,043)	(2,078,396)	(52,582,439)
Total noncurrent assets	60,804,878	522,688	61,327,566
Total assets	166,652,816	1,156,951	167,809,767
Liabilities			
Current liabilities:			
Accounts payable and accrued items	19,790,696	37,357	19,828,053
Due to other governments	926,597	-	926,597
Accrued interest payable	173,819	-	173,819
Deferred revenue:			
Succeeding year property tax	63,213,000	-	63,213,000
Other	1,182,178	89,914	1,272,092
Current portion of long-term obligations	6,940,196	-	6,940,196
Total current liabilities	92,226,486	127,271	92,353,757
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	46,737,366	-	46,737,366
Total noncurrent liabilities	46,737,366	-	46,737,366
Total liabilities	138,963,852	127,271	139,091,123
Net Assets			
Invested in capital assets, net of related debt	19,839,878	522,688	20,362,566
Restricted for:			
Debt service	592,057	-	592,057
Capital projects	944,520	-	944,520
Unrestricted	6,312,509	506,992	6,819,501
Total net assets	\$ 27,688,964	\$ 1,029,680	\$ 28,718,644

The notes to the financial statements are an integral part of this statement.



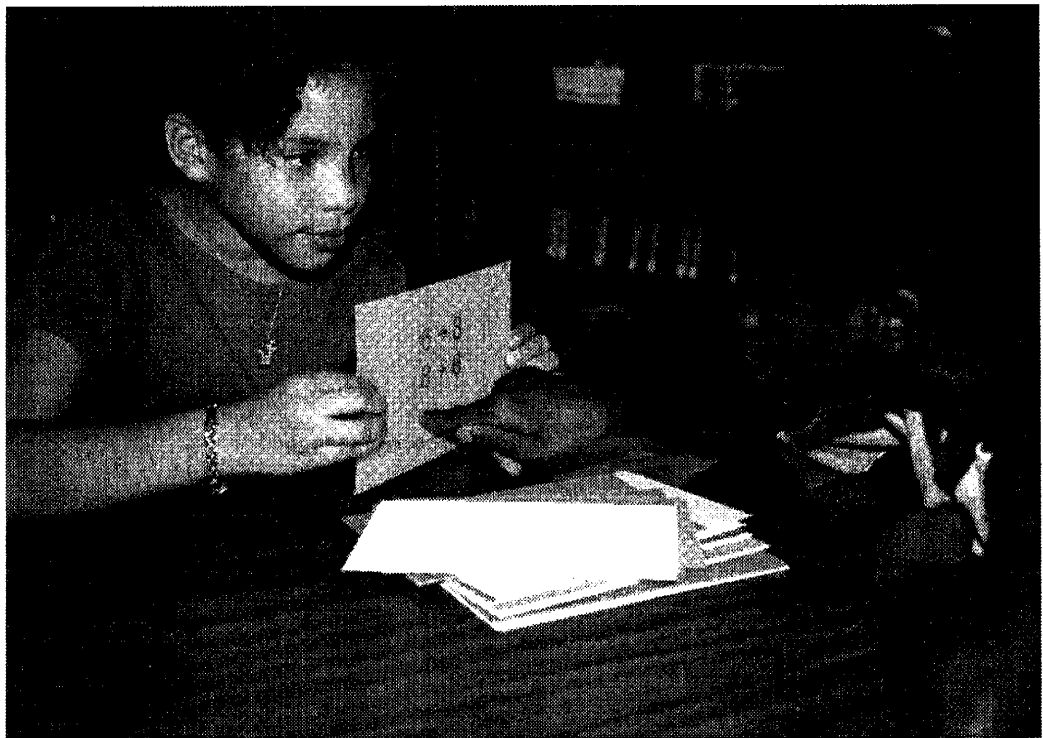
Cedar Rapids Community School District

Statement of Activities

For the Year ended June 30, 2004

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Instruction:							
Regular instruction	\$ 44,043,950	\$ 2,641,499	\$ 4,169,720	\$ -	\$ (37,232,731)	\$ -	\$ (37,232,731)
Special instruction	45,228,653	3,544,607	5,714,426	-	(35,969,619)	-	(35,969,619)
Vocational instruction	892,460	25,308	266,357	-	(600,795)	-	(600,795)
Other instruction	6,946,843	4,556,945	602,314	-	(1,787,584)	-	(1,787,584)
Total Instruction	97,111,906	10,768,359	10,752,817	-	(75,590,729)	-	(75,590,729)
Support services:							
Student services	4,632,090	-	186,033	-	(4,446,057)	-	(4,446,057)
Instructional staff services	7,727,069	20,850	-	-	(7,706,219)	-	(7,706,219)
General administration services	1,034,397	-	-	-	(1,034,397)	-	(1,034,397)
School administration services	7,672,309	-	-	-	(7,672,309)	-	(7,672,309)
Business services	2,011,643	-	-	-	(2,011,643)	-	(2,011,643)
Operations and maintenance	10,913,085	-	-	-	(10,913,085)	-	(10,913,085)
Student transportation	2,314,212	124,819	7,420	-	(2,181,973)	-	(2,181,973)
Central services	1,596,109	3,410	-	-	(1,592,699)	-	(1,592,699)
Community services	2,361,262	2,624,322	-	-	263,060	-	263,060
Facilities acquisition/construction	3,967,494	-	270,297	1,207,873	(2,489,324)	-	(2,489,324)
Interest on long-term debt	2,205,516	-	-	-	(2,205,516)	-	(2,205,516)
AEA flowthrough	5,232,029	-	5,232,029	-	-	-	-
Total Support Services	51,667,215	2,773,401	5,695,779	1,207,873	(41,990,162)	-	(41,990,162)
Total governmental activities	148,779,121	13,541,760	16,448,596	1,207,873	(117,580,891)	-	(117,580,891)
Business-type activities:							
Food services	5,823,143	3,333,124	2,737,108	-	-	247,089	247,089
Total school district	\$ 154,602,264	\$ 16,874,884	\$ 19,185,704	\$ 1,207,873	(117,580,891)	247,089	(117,333,802)
General revenues:							
Taxes							
Property taxes, levied for general purposes					52,321,560	-	52,321,560
Property taxes, levied for debt service					3,866,591	-	3,866,591
Property taxes, levied for capital outlay					4,053,427	-	4,053,427
Other taxes					2,886,724	-	2,886,724
Grants not restricted to specific programs					61,534,656	-	61,534,656
Interest and investment earnings					500,030	5,721	505,751
Miscellaneous					925,065	13,901	938,966
Loss on sale of capital assets					(23,387)	-	(23,387)
Transfers					60,026	(60,026)	-
Total general revenues and transfers					126,124,692	(40,404)	126,084,288
Change in net assets					8,543,801	206,685	8,750,486
Net assets - beginning					19,145,163	822,995	19,968,158
Net assets - ending					\$ 27,688,964	\$ 1,029,680	\$ 28,718,644

The notes to the financial statements are an integral part of this statement.



Fund Financial Statements

CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

Balance Sheet Governmental Funds

As of June 30, 2004

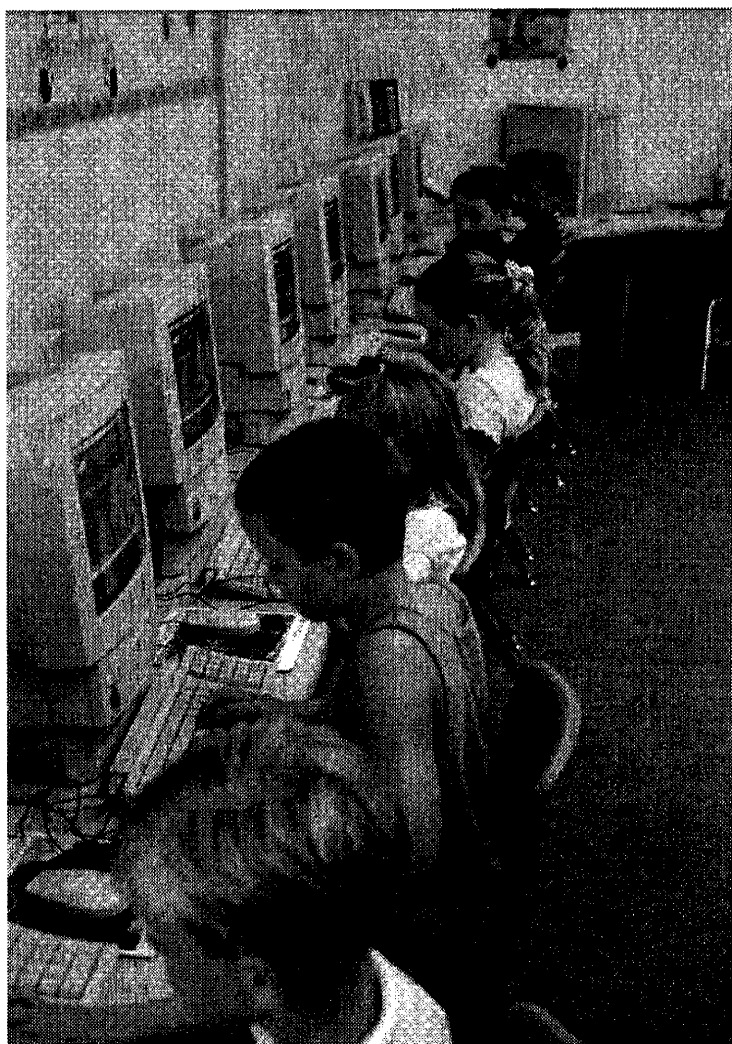
	General	Management
Assets		
Cash and cash equivalents	\$ 18,000,200	\$ 3,202,858
Receivables:		
Property tax:		
Delinquent	860,660	97,589
Succeeding year	49,320,000	5,810,000
Other	1,170,867	12,096
Due from other governments	3,700,524	-
Due from other funds	345,002	-
Inventories--supplies and materials	226,839	-
Prepaid items	593,440	-
Total Assets	\$ 74,217,532	\$ 9,122,543
Liabilities and Fund Balances		
Liabilities:		
Accounts payable and accrued items	\$ 12,912,488	\$ 4,059,476
Due to other governments	903,207	23,390
Due to other funds	-	56,536
Deferred revenue:		
Succeeding year property tax	49,320,000	5,810,000
Other	974,078	-
Total Liabilities	64,109,773	9,949,402
Fund Balances:		
Reserved for encumbrances	808,457	89,853
Reserved for inventories	226,839	-
Reserved for prepaid items	593,440	-
Reserved for categorical programs	184,660	-
Reserved for retirement of long-term debt	-	-
Reserved for capital projects	-	-
Unreserved, undesignated reported in:		
General fund	8,294,363	-
Special revenue funds	-	(916,712)
Total Fund Balances	10,107,759	(826,859)
Total Liabilities and Fund Balances	\$ 74,217,532	\$ 9,122,543

The notes to the financial statements are an integral part of this statement.

Physical Plant and Equipment Levy	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 7,015,162	\$ 5,855,666	\$ 767,346	\$ 34,841,232
74,063	-	69,832	1,102,144
4,198,000	-	3,885,000	63,213,000
50,056	5,878	1,462	1,240,359
-	809,130	-	4,509,654
-	-	-	345,002
-	-	-	226,839
-	-	-	593,440
\$ 11,337,281	\$ 6,670,674	\$ 4,723,640	\$ 106,071,670

\$ 952,576	\$ 1,717,160	\$ 148,996	\$ 19,790,696
-	-	-	926,597
153,504	4,034	9,658	223,732
4,198,000	-	3,885,000	63,213,000
203,140	4,960	-	1,182,178
5,507,220	1,726,154	4,043,654	85,336,203

1,055,844	1,775,261	-	3,729,415
-	-	-	226,839
-	-	-	593,440
-	-	-	184,660
765,162	-	-	765,162
-	3,169,259	-	3,169,259
-	-	-	8,294,363
4,009,055	-	679,986	3,772,329
5,830,061	4,944,520	679,986	20,735,467
\$ 11,337,281	\$ 6,670,674	\$ 4,723,640	\$ 106,071,670



**Cedar Rapids Community School District
Reconciliation of the Governmental Funds Balance Sheet
with the Statement of Net Assets
June 30, 2004**

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance - governmental funds	\$ 20,735,467
------------------------------------------------	----------------------

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

The cost of capital assets is	111,308,921	
Accumulated depreciation is	50,504,043	
		60,804,878

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds Payable	44,025,000	
Accrued interest on the bonds	173,819	
Capital loans payable	940,000	
Compensated absences (vacations)	1,407,456	
Special termination benefits payable	7,305,106	(53,851,381)

Total net assets--governmental activities	\$ 27,688,964
--------------------------------------------------	----------------------

CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds**

Year ended June 30, 2004

	General	Management	Physical Plant and Equipment Levy	Capital Projects	Other Governmental Funds	Totals (Memorandum Only)
Revenues						
Local sources:						
Property Taxes	\$ 47,120,297	\$ 5,201,263	\$ 4,053,427	\$ -	\$ 3,866,591	\$ 60,241,578
Tuition	5,016,438	-	-	-	-	5,016,438
Other local sources	7,715,752	190,735	278,324	545,195	4,576,212	13,306,218
State sources	72,389,531	6,586	4,940	-	4,714	72,405,771
Federal sources	5,108,405	-	210,916	996,957	-	6,316,278
Total Revenues	137,350,423	5,398,584	4,547,607	1,542,152	8,447,517	157,286,283
Expenditures						
Current:						
Instruction:						
Regular instruction	40,430,974	3,728,546	-	-	-	44,159,520
Special instruction	45,025,597	61,408	-	-	-	45,087,005
Vocational instruction	881,919	-	-	-	-	881,919
Other instruction	2,391,199	6,972	-	-	4,511,684	6,909,855
Total instruction	88,729,689	3,796,926	-	-	4,511,684	97,038,299
Support Services:						
Student services	4,605,785	4,058	-	-	-	4,609,843
Instruction staff services	7,717,289	42,753	-	-	-	7,760,042
General administration services	1,032,754	97,773	-	-	-	1,130,527
School administration services	7,162,153	469,978	-	-	-	7,632,131
Business services	1,931,776	11,052	50,936	-	-	1,993,764
Operations and maintenance	9,976,127	807,983	139,048	-	-	10,923,158
Student transportation	1,734,064	193,739	359,688	-	-	2,287,491
Central services	1,483,455	107,006	13,663	-	-	1,604,124
Community services	2,320,485	15,893	-	-	-	2,336,378
Other support services	5,232,029	-	-	-	-	5,232,029
Debt Service:						
Principal	-	-	-	-	2,070,000	2,070,000
Interest	-	-	-	-	2,208,143	2,208,143
Capital Outlay:						
Facilities acquisition and construction services	-	-	3,399,701	9,065,205	-	12,464,906
Total support services	43,195,917	1,750,235	3,963,036	9,065,205	4,278,143	62,252,536
Total Expenditures	131,925,606	5,547,161	3,963,036	9,065,205	8,789,827	159,290,835
Excess (deficiency) of revenues over expenditures	5,424,817	(148,577)	584,571	(7,523,053)	(342,310)	(2,004,552)
Other Financing Sources (Uses):						
Sale of assets	13,051	-	-	-	-	13,051
Transfers in	60,026	-	-	-	333,480	393,506
Transfers out	(333,480)	-	-	-	-	(333,480)
	(260,403)	-	-	-	333,480	73,077
Net Change in Fund Balances	5,164,414	(148,577)	584,571	(7,523,053)	(8,830)	(1,931,475)
Fund balances at beginning of year	4,943,345	(678,282)	5,245,490	12,467,573	688,816	22,666,942
Fund balances at end of year	\$ 10,107,759	\$ (826,859)	\$ 5,830,061	\$ 4,944,520	\$ 679,986	\$ 20,735,467

The notes to the financial statements are an integral part of this statement.

Cedar Rapids Community School District
Reconciliation of the Governmental Funds, Statement of Revenues, Expenditures,
and Changes in Fund Balance with the District-wide Statement of Activities
Year Ended June 30, 2004

Total net change in fund balances—governmental funds **\$ (1,931,475)**

Amounts reported for governmental *activities* in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures.

However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

This is the amount by which capital outlays exceeds depreciation in the period.

Capital outlays	\$ 10,019,651	
Depreciation expense	<u>(2,213,473)</u>	7,806,178

In the statement of activities, certain operating expenses—compensated absences (vacations) and special termination benefits (early retirement)—are measured by the amounts *earned* during the year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually *paid*). This year, special termination benefits earned (\$7,305,106) was *less than* the amounts paid (\$8,272,436) by \$967,329. Vacation earned (\$1,407,455) was *greater than* the amounts used (\$1,073,034) by \$334,421.

632,908

Proceeds from the sale of equipment is reported in the governmental funds (\$13,051), however in the statement of activities it is netted against the book value of the assets being deleted and reported as a loss on sale of capital assets (\$23,387).

(36,438)

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

2,070,000

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds, when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. Accrued interest on bonds *decreased* by \$2,628.

2,628

Change in net assets of governmental activities

\$ 8,543,801



CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

Statement of Net Assets Proprietary Fund

As of June 30, 2004

	Business-Type Activity
	Nutrition Services
Assets	
Current Assets:	
Cash and cash equivalents	\$ 541,948
Due from other governments	28,527
Other receivables	23,431
Inventories--supplies and materials	161,627
Total current assets	<u>755,533</u>
Noncurrent Assets:	
Furniture and equipment (net)	522,688
Total assets	<u><u>1,278,221</u></u>
Liabilities	
Current Liabilities:	
Accounts payable and accrued items	37,357
Due to other funds	121,270
Deferred revenue	89,914
Total liabilities	<u><u>248,541</u></u>
Net Assets	
Invested in capital assets	522,688
Unrestricted	506,992
Total net assets	<u><u>\$ 1,029,680</u></u>

The notes to the financial statements are an integral part of this statement.

CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Net Assets Proprietary Fund

For the Year ended June 30, 2004

	Business-Type Activity Nutrition Services
Operating revenues:	
Local sources	\$ 3,347,025
Total operating revenues:	<u>3,347,025</u>
Operating expenses:	
Payroll costs	2,910,429
Purchased services	158,562
Supplies and materials	2,657,344
Depreciation	96,808
Total operating expenses	<u>5,823,143</u>
Operating loss	<u>(2,476,118)</u>
Nonoperating revenues:	
State sources	75,105
Federal sources	2,662,003
Interest income	5,721
Total nonoperating revenues	<u>2,742,829</u>
Income before transfers	266,711
Transfers out	<u>(60,026)</u>
Change in net assets	206,685
Net assets beginning of year	<u>822,995</u>
Net assets end of year	<u><u>\$ 1,029,680</u></u>

The notes to the financial statements are an integral part of this statement.

CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows

Proprietary Fund

For the Year ended June 30, 2004

	Business-Type Activity <u>Nutrition Services</u>
Cash Flows from Operating Activities:	
Cash received from sale of lunches and breakfasts	\$ 3,145,442
Cash received from services	146,235
Cash received from miscellaneous operating activities	83,869
Cash payments to employees for services	(3,058,965)
Cash payments to suppliers for good and services	(2,480,817)
Cash payments for other operating expenses	2,973
Net cash used in operating activities	<u>(2,161,263)</u>
Cash Flows from Non-Capital Financing Activities:	
State lunch and breakfast reimbursements	75,105
Federal lunch and breakfast reimbursements	2,318,840
Transfers to other funds	(60,026)
Net cash provided by non-capital financing activities	<u>2,333,919</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	<u>(22,824)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>5,721</u>
Net increase in cash and cash equivalents	155,553
Cash and cash equivalents at beginning of year	386,395
Cash and cash equivalents at end of year	<u>\$ 541,948</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (2,476,118)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	96,808
Commodities consumed	337,323
Changes in assets and liabilities:	
Increase in receivables, net	17,927
Increase in inventories	4,011
Increase in accounts payable and accrued expenses	7,608
Decrease in due to other funds	(159,416)
Increase in deferred revenues	10,594
Net cash used in operating activities	<u>\$ (2,161,263)</u>
Non-Cash Investing, Capital and Financing Activities:	
During the year ended June 30, 2004, the District received federal commodities valued at \$344,218 during the year.	

The notes to the financial statements are an integral part of this statement.



Cedar Rapids Community School District
Statement of Fiduciary Assets and Liabilities
As of June 30, 2004

	Agency Fund
Assets:	
Cash	\$ 36,015
Total Assets	<u>\$ 36,015</u>
 Liabilities:	
Accounts payable	\$ 36,015
Total Liabilities	<u>\$ 36,015</u>

*The notes to the financial statements are an
integral part of this statement.*

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2004

1. Summary of Significant Accounting Policies

The Cedar Rapids Community School District (the "District") is a political subdivision of the State of Iowa and operates public schools for children in grade kindergarten through 12 with a student enrollment of 17,729. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education, as well as vocational and recreational courses. The geographic area served includes the cities of Cedar Rapids, Bertram, Hiawatha, Palo, Robins and portions of Marion, Iowa. The District is governed by a Board of Directors whose members are elected on a nonpartisan basis.

A. Basis of Presentation

The accompanying basic financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles.

B. Reporting Entity

For financial reporting purposes, the District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization; or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. The District has no component units that meet the GASB criteria.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2004

1. Summary of Significant Accounting Policies (continued)

C. District-wide and Fund Financial Statements

The District-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the proprietary fund. Fiduciary fund financial statements for the District's agency fund apply the accrual basis of accounting but do not involve a measurement focus, since it is custodial in nature. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2004

1. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, interest revenue, tuition from other districts and state foundation aid are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *management fund* accounts for the resources accumulated and payments made for property insurance, fidelity bonds, worker compensation, liability insurance premiums, unemployment insurance claims and early retirement incentives.

The *physical, plant and equipment levy fund* accounts for the resources accumulated and payments made for the purchase and improvement of grounds; purchase of buildings; major repairs, remodeling, reconstructing, improving or expanding the schoolhouses or buildings; expenditures for energy conservation; and for equipment purchases which must be equal to or greater than \$1,500 in unit value. The purchase of transportation vehicles qualify under the law.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2004

1. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The *capital projects fund* is utilized to account for all resources used in the acquisition and construction of capital facilities with the exception of those that are financed through enterprise funds.

The government reports the following major proprietary fund:

The *nutrition fund* is used to account for the food service operations of the District. Proprietary funds are used to account for activities similar to those found in private industry, where the determination of net income is necessary or useful to provide sound financial administration.

Additionally, the government reports the following fund types:

The *agency fund* is used to account for assets held by the District as an agent for private donations from individuals. These donations are to be used for specific purposes, such as auditorium renovation. The agency fund is custodial in nature; assets equal liabilities, and do not involve measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the District-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The government has elected not to follow subsequent private-sector guidance.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's nutrition enterprise fund are charges to customers for meals. Operating expenses for enterprise funds include the cost of sales and

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2004

1. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Cash, Cash Equivalents and Investments

The District considers cash on hand, demand deposits and certificates of deposits with original maturities of three months or less from the date of acquisition to be cash equivalents. Investments are stated at fair value.

F. Property Taxes Receivable

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Education is required to certify its budget to the County Auditor by April 15 of each year for the subsequent fiscal year.

However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments; is based on January 1, 2002 assessed property valuations; is for the tax accrual period July 1, 2003 through June 30, 2004 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2003. Linn County bills and collects property taxes for the District with monthly collections remitted to the District before the 15th of the month following collection.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2004

1. Summary of Significant Accounting Policies (continued)

G. Short-Term Interfund Receivable/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. To the extent that certain transfers between funds had not been received as of June 30, 2004, balances of interfund amounts receivable or payable have been recorded. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

H. Elimination and Reclassifications

In the process of aggregating data for the statement of net assets and the statement of net activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

I. Inventories

Inventories of the General Fund are stated at the moving average cost for purchased items and are accounted for using the consumption method, whereby inventory acquisitions are recorded in inventory accounts when purchased or received by other means and are charged to operations when consumed or sold. Reported inventories in General Fund are offset by a fund balance reserve which indicates these assets are unavailable for appropriation even though they are a component of reported assets.

Inventories of the Nutrition Fund are valued at the lower of cost (first-in, first-out) or market for purchased items and the contributed value for government commodities. At June 30, 2004, government commodities valued at \$110,659 were on hand.

J. Capital Assets

Capital assets, which included property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2004

1. Summary of Significant Accounting Policies (continued)

J. Capital Assets (continued)

capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Property, plant, and equipment of the District is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Furniture	20
Kitchen equipment	15
Office/school equipment	10
Vehicles	8
Computer equipment	5

During the year ended June 30, 2004, no interest costs were capitalized since the District's policy is not to capitalize interest costs on assets constructed or acquired with tax-exempt debt paid for from annual debt service tax levies.

K. Salaries and Benefits Payable

Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

L. Deferred Revenue

Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable and other receivables not collected within sixty days after year-end.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2004

1. Summary of Significant Accounting Policies (continued)

M. Compensated Absences

District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. Compensated absences are accrued when incurred in the District-wide and proprietary fund financial statements. A liability for these amounts, including FICA and IPERS, is reported in governmental funds only if they are matured, for example, as a result of employee resignations and retirements. For the governmental activities, compensated absences are liquidated by the general fund.

N. Long-Term Liabilities

In the District-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Restricted Net Assets

For the District-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

- Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;
- Imposed by law through constitutional provisions or enabling legislation.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2004

1. Summary of Significant Accounting Policies (continued)

P. Fund Balances of Fund Financial Statements

Reservations of fund balances for encumbrances, inventories, prepaid items, categorical programs and long-term notes receivable represent amounts that are not available for appropriation.

Q. Interfund Transactions

Interfund services provided and used are accounted for as revenues in the "selling" fund and expenditures in the "purchasing" fund. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers.

2. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

3. Deposits and Investments

The District's deposits in banks at June 30, 2004 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds obligations of the United States government, its agencies and instrumentalities; certificates of deposit or savings accounts in federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. During the year ended June 30, 2004, the District invested in certificates of deposit and savings accounts, which are considered cash equivalents. There are no other investments as of June 30, 2004.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2004

4. Due from Government Agencies

The following amounts are due to the General Fund of the District by various local, state and federal government agencies at June 30, 2004:

Tuition from other districts	\$1,847,705
Title I program	497,974
IDEA part B grant	370,959
Non-public transportation	279,512
Foster care/district court claim	211,845
Perkins grant	159,195
Other	333,334
	<u>\$3,700,524</u>

5. Interfund Receivables and Payables

As of June 30, 2004 interfund receivables and payables were as follows:

	Receivables	Payables
General	\$ 345,002	\$ -
Management	-	56,536
Physical Plant and Equipment		153,504
Capital Projects Fund	-	4,034
Student Activity	-	9,658
Subtotal – Governmental Funds	345,002	223,732
Food & Nutrition	-	121,270
Total All Funds	\$ 345,002	\$ 345,002

The interfund balances relate to expenditures initially paid from the General Fund for supplies and payroll costs, which need to be reimbursed by other proprietary and governmental funds. All balances will be repaid by June 30, 2005.

6. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2004 is as follows:

Transfer to	Transfer from	Amount
General	Food & Nutrition Fund	\$ 60,026
Debt Service Fund	General	333,480
		<u>\$393,506</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2004

7. Capital Assets

Capital asset balances and activity for the year ended June 30, 2004 were as follows:

	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 8,367,636	\$ -	\$ -	\$ 8,367,636
Construction in progress	22,937,068	8,348,586	-	31,285,654
Total capital assets, not being depreciated	31,304,704	8,348,586	-	39,653,290
Capital assets, being depreciated:				
Buildings and improvements	47,477,800	646,520	-	48,124,320
Furniture and equipment	16,041,146	481,338	(483,628)	16,038,856
Vehicles	7,315,327	543,207	(366,079)	7,492,455
Total capital assets being depreciated	70,834,273	1,671,065	(849,707)	71,655,631
Less accumulated depreciation for:				
Buildings and improvements	31,615,703	968,842	(14,663)	32,569,882
Furniture and equipment	12,473,974	756,085	(435,863)	12,794,196
Vehicles	5,014,162	488,546	(362,743)	5,139,965
Total accumulated depreciation	49,103,839	2,213,473	(813,269)	50,504,043
Total capital assets, being depreciated, net	21,730,434	(542,408)	(36,438)	21,151,588
Governmental activities capital assets, net	\$ 53,035,138	\$ 7,806,178	\$ (36,438)	\$ 60,804,878
Business-type activities:				
Furniture and equipment	\$ 2,596,870	\$ 22,824	\$ (18,610)	\$ 2,601,084
Less accumulated depreciation:	2,000,198	96,808	(18,610)	2,078,396
Business-type activities capital assets, net	\$ 596,672	\$ (73,984)	\$ -	\$ 522,688

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,402,788
Instructional staff services	224,950
General administration services	2,600
School administration services	2,335
Business services	50,479
Operations & maintenance	105,540
Student transportation	374,615
Central services	50,166
Total	\$ 2,213,473

During 1995, the District completed an inventory of its capital assets, including the property and equipment held by the School Nutrition Fund. The District used the historical cost of the fixed asset, if available, or estimated a historical cost using industry back trending factors. Approximately \$13.1 million of the total historical cost balance was estimated.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2004

8. Anticipatory Warrants Payable

The District issued \$5,000,000 in general obligation anticipatory warrants dated July 13, 2004 and payable on June 30, 2005, with a stated interest rate of 3.00%.

9. Bonded and Other Long-Term Liabilities

Long-term liability balances and activity for the year ended June 30, 2004 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities					
Bonds payable:					
General obligation debt	\$ 44,800,000	\$ -	\$ (1,775,000)	\$ 43,025,000	\$ 1,800,000
QZAB bond payable	1,000,000	-	-	1,000,000	1,000,000
Other liabilities:					
Compensated absences	1,073,034	1,407,455	(1,073,034)	1,407,455	1,407,455
Early retirement pay	8,272,436	1,351,358	(2,318,687)	7,305,107	2,427,741
Capital loan payable	1,235,000	-	(295,000)	940,000	305,000
Total long-term liabilities	<u>\$ 56,380,470</u>	<u>\$ 2,758,813</u>	<u>\$ (5,461,721)</u>	<u>\$ 53,677,562</u>	<u>\$ 6,940,196</u>

Early Retirement

The District offers a voluntary early retirement plan to its certified and administrative employees. Certified employees who have completed at least 20 years of service and who are at least 55 years of age shall be eligible.

Employees will be allowed benefits upon submission of a written resignation accepted by Human Resources by February 1 of the current contract year. The early retirement incentive for each eligible certified employee is equal to an amount representing 105 days' pay calculated by using the current year basic salary schedule, subject to a proration formula by age. During the year ended June 30, 2004 there was an enhancement to the normal plan, with an additional payment for unused days of accrued sick leave of \$100 per day, up to a maximum of 100 days for certified employees.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2004

9. Bonded and Other Long-Term Liabilities (continued)

Early Retirement (continued)

The District will pay eligible employees an early retirement benefit to be contributed by the district directly to a tax-sheltered annuity owned by the employee and qualifying under section 403(b) of the Internal Revenue Code of 1986, as amended. An employee may choose to receive the accumulated days' salary in equal annual installments spread out over three to five years beginning in October of the same year following early separation.

Administrators age 55 through 65 whose age plus years of service with the District totals 75 shall be eligible for early retirement pay. Administrators will be allowed benefits upon submission of a written resignation accepted by the Board of Directors. The early retirement incentive for each eligible administrative employee is equal to an amount representing 195 days' pay. The daily rate of pay shall be the administrator's contract salary in effect during the last full year of employment. During the year ended June 30, 2004 there was an enhancement to the normal plan, with an additional payment for unused days of accrued sick leave of \$100 per day, up to a maximum of 100 days for administrators.

The District will pay eligible employees an early retirement benefit to be contributed by the district directly to a tax-sheltered annuity owned by the employee and qualifying under section 403(b) of the Internal Revenue Code of 1986, as amended. An administrator may choose to receive the accumulated days' salary in equal annual installments spread out over four or five years beginning in October of the same year following early separation.

Early retirement benefits paid during the year ended June 30, 2004 totaled \$2,318,687, of which the Management Fund paid \$2,219,073 and the General Fund paid \$99,614. The cost of early retirement payments expected to be liquidated currently are recorded as a liability of the Management and General Funds. A liability has been recorded in the government-wide financial statements representing the District's commitment to fund non-current early retirement benefits.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2004

9. Bonded and Other Long-Term Liabilities (continued)

Bonded Debt

Details of the District's June 30, 2004 bonded indebtedness are as follows:

Year Ending June 30,	Principal	Interest	Total
2005	3,105,000	2,080,493	5,185,493
2006	2,210,000	1,984,292	4,194,292
2007	2,250,000	1,885,338	4,135,338
2008	2,050,000	1,781,662	3,831,662
2009	2,075,000	1,685,038	3,760,038
2010-2014	12,050,000	6,797,338	18,847,338
2015-2019	14,925,000	3,562,537	18,487,537
2020-2021	6,300,000	316,700	6,616,700
Totals	\$44,965,000	\$20,093,398	\$65,058,398

As of June 30, 2004 the District did not exceed its legal debt margin of \$162,503,331.

10. Note Receivable

On February 1, 1995, the District entered into an agreement to sell land at the Grant Elementary site. The selling price was \$55,380, with a required down payment of \$8,307. The contract is for a term of ten years and is payable in equal monthly installments at the rate of 9% per annum. The first installment of \$596 was due on March 1, 1995 and on the first day of each month thereafter. The balance can be prepaid without penalty. This note will be fully paid by February 2005, so there is no reserve for the long-term portion of this note receivable.

11. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2004

11. Pension and Retirement Benefits (continued)

financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2004, 2003 and 2002 were \$5,552,662, \$5,694,142 and \$5,447,545 respectively, equal to the required contribution for each year.

12. Post-Employment Benefits Other Than Pension Benefits

The District provides two types of post-employment benefits other than pension benefits: health insurance and life insurance. These benefits are provided to qualified employees under collective bargaining agreements and are financed and accounted for on a pay-as-you-go-basis. Therefore, no liability has been actuarially determined or provided for in the financial statements.

Health Insurance

For the employee groups of teachers, administrators, supervisor/technicians, confidential secretaries, custodial/maintenance, food service and secretary/clerical, the District provides for health insurance coverage under contract provisions for those electing early retirement. The District pays the premium amount specified in the individual contracts on the date of separation.

Administrators

An administrator electing early retirement shall continue to receive health insurance coverage, not to exceed the cost of the premium on the date of separation of the Alliance Select Standard family plan. Coverage shall cease when the retired employee reaches age 65, secures other employment covered by a health insurance program or dies. When an administrator who has elected early separation reaches age 65, his/her spouse shall continue to receive the premium for a period not to exceed three years or age 65. The spouse of an administrator who has elected early retirement or has attained eligibility for early retirement, shall, upon death of the administrator, continue to receive health insurance until the date the deceased administrator would have reached age 65. In no instance shall the spouse continue to receive health insurance for a period longer than ten years. For the year ended June 30, 2004 the District recognized \$112,211 in expenditures for 19 former employees.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2004

12. Post-Employment Benefits Other Than Pension Benefits (continued)

Teachers

For a certified employee electing early retirement, the District shall continue to pay the premium for the elected health coverage selected on the date of early separation. Coverage shall cease when the retired employee reaches age 65, secures other employment or dies. For the year ended June 30, 2004, the District recognized \$1,092,341 in expenditures for 275 former employees.

Supervisors/Technicians/Confidential Secretaries

For an employee electing early retirement, the District shall continue to pay the premium for the elected health coverage, in an amount not to exceed the premium for the Alliance Select Standard plan on the date of early separation. Coverage shall cease when the retired employee reaches age 65, secures other employment covered by a health insurance program or dies. For the year ended June 30, 2004 the District recognized \$14,554 in expenditures for 3 former employees.

Custodial/Maintenance/Food Service/Secretary/Clerical

Employees who separate from the District before becoming eligible for Medicare shall have the option to continue participation in the District's health insurance plan. The employee must be at least age 55 and must have completed at least 20 years of service with the District. The District will pay the cost of the premium specified in the individual group contracts. Coverage shall cease when the retired employee reaches age 65, secures other employment covered by a health insurance program or dies. For the year ended June 30, 2004 the District recognized \$45,674 in expenditures for 20 former employees.

Life Insurance

An administrator electing early retirement as provided above shall continue to receive life insurance coverage and an accidental death and dismemberment benefit of \$100,000 until the administrator secures other employment covered by a life insurance program or reaches age 65. For the year ended June 30, 2004, 16 administrators had qualified under this provision, with the District recognizing \$3,024 in expenditures.

13. Construction Contractual Commitments

Total outstanding contractual commitments for construction projects at June 30, 2003 for the Physical, Plant and Equipment Fund were \$581,695 and for the Capital Projects Fund were \$2,190,175.

Cedar Rapids Community School District

Notes to the Financial Statements

June 30, 2004

14. Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. There has been no significant reduction in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

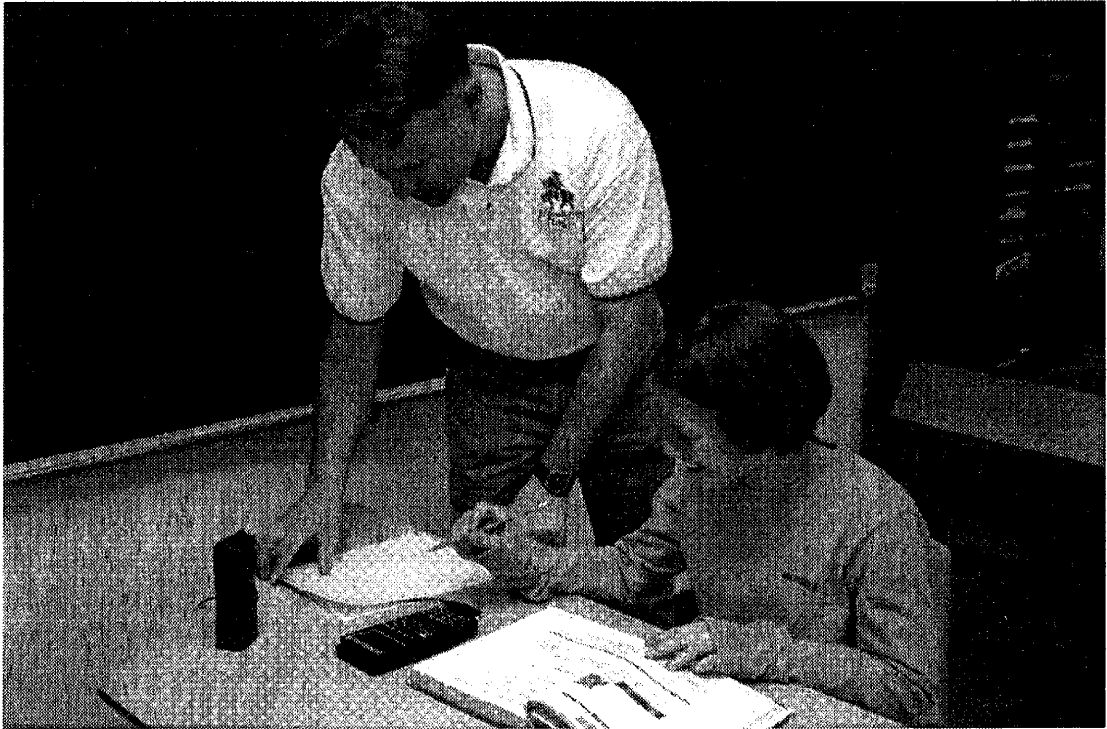
15. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through Grant Wood Area Education Agency. The District's actual amount for this purpose totals \$5,232,029 for the year ended June 30, 2004. The District's budgeted and actual share is included in these financial statements.

16. Deficit Fund Equity

The Management Special Revenue Fund had a deficit fund balance of \$826,859 as of June 30, 2004. The fund incurred approximately \$1,000,000 of additional expenditures related to early retirement benefits for teachers and administrators retiring at the end of the 2003-2004 school year. Local property taxes have been increased in fiscal year 2005 to compensate for these additional costs.

Required Supplementary Information



Cedar Rapids Community School District

Budgetary Comparison Schedule for the General Fund

For the Year Ended June 30, 2004

	Budget Amounts		Actual (GAAP Basis)	Variances -- Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Property Taxes	\$ 47,934,684	\$ 48,291,948	\$ 47,120,297	\$ 357,264	\$ (1,171,651)
Tuition	4,740,250	5,023,250	5,016,438	283,000	(6,812)
Other local sources	7,758,572	7,455,211	7,715,752	(303,361)	260,541
State sources	74,714,966	72,521,470	72,389,531	(2,193,496)	(131,939)
Federal sources	4,585,371	5,881,412	5,108,405	1,296,041	(773,007)
Total revenues	139,733,843	139,173,291	137,350,423	(560,552)	(1,822,868)
Expenditures:					
Instruction:					
Regular instruction	43,614,618	41,129,075	40,430,974	2,485,543	698,101
Special instruction	42,829,988	46,952,603	45,025,597	(4,122,615)	1,927,006
Vocational instruction	958,974	905,646	881,919	53,328	23,727
Other instruction	2,237,208	2,390,618	2,391,199	(153,410)	(581)
Total instruction	89,640,788	91,377,942	88,729,689	(1,737,154)	2,648,253
Support Services:					
Student services	4,661,979	4,744,537	4,605,785	(82,558)	138,752
Instructional staff services	8,152,232	9,628,084	7,717,289	(1,475,852)	1,910,795
General administration services	1,152,586	1,171,987	1,032,754	(19,401)	139,233
Building administration services	7,215,240	7,326,488	7,162,153	(111,248)	164,335
Business services	2,264,977	2,176,533	1,931,776	88,444	244,757
Operations and maintenance	9,778,175	9,397,687	9,976,127	380,488	(578,440)
Student transportation	2,076,006	2,040,282	1,734,064	35,724	306,218
Central services	1,522,452	1,528,237	1,483,455	(5,785)	44,782
Community services	2,320,673	2,230,088	2,320,485	90,585	(90,397)
Other support services	5,607,948	5,232,029	5,232,029	375,919	-
Total support services	44,752,268	45,475,952	43,195,917	(723,684)	2,280,035
Total expenditures	134,393,056	136,853,894	131,925,606	(2,460,838)	4,928,288
 Excess (deficiency) of revenues over expenditures	 5,340,787	 2,319,397	 5,424,817	 (3,021,390)	 3,105,420
Other Financing Sources (Uses):					
Sale of assets	7,000	-	13,051	(7,000)	13,051
Transfers in (out)	(220,848)	(273,208)	(273,454)	(52,360)	(246)
	<u>(213,848)</u>	<u>(273,208)</u>	<u>(260,403)</u>	<u>(59,360)</u>	<u>12,805</u>
 Net change in fund balances	 5,126,939	 2,046,189	 5,164,414	 (3,080,750)	 3,118,225
 Fund balance--Beginning	 4,943,345	 4,943,345	 4,943,345	 -	 -
 Fund balance--Ending	 <u>\$ 10,070,284</u>	 <u>\$ 6,989,534</u>	 <u>\$ 10,107,759</u>	 <u>\$ (3,080,750)</u>	 <u>\$ 3,118,225</u>

Cedar Rapids Community School District

Budgetary Comparison Schedule for the Management Fund

For the Year Ended June 30, 2004

	Budget Amounts		Actual (GAAP Basis)	Variances -- Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Property Taxes	\$ 5,315,500	\$ 5,315,500	\$ 5,201,263	\$ -	\$ (114,237)
Other local sources	20,000	20,000	190,735	-	170,735
State sources	3,000	3,000	6,586	-	3,586
Total revenues	<u>5,338,500</u>	<u>5,338,500</u>	<u>5,398,584</u>	<u>-</u>	<u>60,084</u>
Expenditures:					
Instruction:					
Regular instruction	2,260,729	3,278,729	3,728,546	(1,018,000)	(449,817)
Special instruction	-	82,000	61,408	(82,000)	20,592
Other instruction	-	-	6,972	-	(6,972)
Total instruction	<u>2,260,729</u>	<u>3,360,729</u>	<u>3,796,926</u>	<u>(1,100,000)</u>	<u>(436,197)</u>
Support Services:					
Student services	-	-	4,058	-	(4,058)
Instructional staff services	-	-	42,753	-	(42,753)
General administration services	1,300,991	200,991	97,773	1,100,000	103,218
Building administration services	258,780	258,780	469,978	-	(211,198)
Business services	-	-	11,052	-	(11,052)
Operations and maintenance	609,000	609,000	807,983	-	(198,983)
Student transportation	180,000	180,000	193,739	-	(13,739)
Central services	82,000	82,000	107,006	-	(25,006)
Community services	-	-	15,893	-	(15,893)
Total support services	<u>2,430,771</u>	<u>1,330,771</u>	<u>1,750,235</u>	<u>1,100,000</u>	<u>(419,464)</u>
Total expenditures	<u>4,691,500</u>	<u>4,691,500</u>	<u>5,547,161</u>	<u>-</u>	<u>(855,661)</u>
 Excess (deficiency) of revenues over expenditures	 647,000	 647,000	 (148,577)	 -	 (795,577)
 Net change in fund balances	 647,000	 647,000	 (148,577)	 -	 (795,577)
 Fund balance--Beginning	 (678,282)	 (678,282)	 (678,282)	 -	 -
 Fund balance--Ending	 <u>\$ (31,282)</u>	 <u>\$ (31,282)</u>	 <u>\$ (826,859)</u>	 <u>\$ -</u>	 <u>\$ (795,577)</u>

Cedar Rapids Community School District

Budgetary Comparison Schedule for the Physical Plant and Equipment Levy Fund

For the Year Ended June 30, 2004

	Budget Amounts		Actual (GAAP Basis)	Variances -- Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Property Taxes	\$ 4,152,747	\$ 4,152,747	\$ 4,053,427	\$ -	\$ (99,320)
Other local sources	161,000	161,000	278,324	-	117,324
State sources	6,000	6,000	4,940	-	(1,060)
Federal sources	-	186,635	210,916	186,635	24,281
Total revenues	4,319,747	4,506,382	4,547,607	186,635	41,225
Expenditures:					
Support Services:					
Business services	-	-	50,936	-	(50,936)
Operations and maintenance	3,305,543	3,492,178	3,538,749	(186,635)	(46,571)
Student transportation	651,000	651,000	359,688	-	291,312
Central services	-	-	13,663	-	(13,663)
Total support services	3,956,543	4,143,178	3,963,036	(186,635)	180,142
Total expenditures	3,956,543	4,143,178	3,963,036	(186,635)	180,142
Excess (deficiency) of revenues over expenditures	363,204	363,204	584,571	-	221,367
Other Financing Sources (Uses):					
Transfers in (out)	(250,000)	(250,000)	-	-	250,000
	(250,000)	(250,000)	-	-	250,000
Net change in fund balances	113,204	113,204	584,571	-	221,367
Fund balance--Beginning	5,245,490	5,245,490	5,245,490	-	-
Fund balance--Ending	\$ 5,358,694	\$ 5,358,694	\$ 5,830,061	\$ -	\$ 471,367

Cedar Rapids Community School District

Budgetary Comparison Schedule for the Capital Projects Fund

For the Year Ended June 30, 2004

	Budget Amounts		Actual (GAAP Basis)	Variances -- Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Other local sources	\$ 640,000	\$ 656,000	\$ 545,195	\$ 16,000	\$ (110,805)
Federal sources	-	-	996,957	-	996,957
Total revenues	<u>640,000</u>	<u>656,000</u>	<u>1,542,152</u>	<u>16,000</u>	<u>886,152</u>
Expenditures:					
Capital Outlay:					
Facilities acquisition and construction services	10,031,115	9,907,141	9,065,205	123,974	841,936
Total capital outlay	<u>10,031,115</u>	<u>9,907,141</u>	<u>9,065,205</u>	<u>123,974</u>	<u>841,936</u>
Total expenditures	<u>10,031,115</u>	<u>9,907,141</u>	<u>9,065,205</u>	<u>123,974</u>	<u>841,936</u>
Excess (deficiency) of revenues over expenditures	(9,391,115)	(9,251,141)	(7,523,053)	139,974	1,728,088
Net change in fund balances	<u>(9,391,115)</u>	<u>(9,251,141)</u>	<u>(7,523,053)</u>	<u>139,974</u>	<u>1,728,088</u>
Fund balance--Beginning	<u>12,467,573</u>	<u>12,467,573</u>	<u>12,467,573</u>	-	-
Fund balance--Ending	<u>\$ 3,076,458</u>	<u>\$ 3,216,432</u>	<u>\$ 4,944,520</u>	<u>\$ 139,974</u>	<u>\$ 1,728,088</u>

Cedar Rapids Community School District

Budgetary Comparison Schedule for the Student Activity Fund

For the Year Ended June 30, 2004

	Budget Amounts		Actual (GAAP Basis)	Variances -- Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Other local sources	\$ 3,980,000	\$ 3,980,000	\$ 4,566,710	\$ -	\$ 586,710
Total revenues	<u>3,980,000</u>	<u>3,980,000</u>	<u>4,566,710</u>	<u>-</u>	<u>586,710</u>
Expenditures:					
Instruction:					
Other instruction	4,000,000	4,000,000	4,511,684	-	(511,684)
Total instruction	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,511,684</u>	<u>-</u>	<u>(511,684)</u>
Total expenditures	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,511,684</u>	<u>-</u>	<u>(511,684)</u>
Excess (deficiency) of revenues over expenditures	(20,000)	(20,000)	55,026	-	75,026
Net change in fund balances	<u>(20,000)</u>	<u>(20,000)</u>	<u>55,026</u>	<u>-</u>	<u>75,026</u>
Fund balance--Beginning	624,246	624,246	624,246	-	-
Fund balance--Ending	<u>\$ 604,246</u>	<u>\$ 604,246</u>	<u>\$ 679,272</u>	<u>\$ -</u>	<u>\$ 75,026</u>

Cedar Rapids Community School District

Budgetary Comparison Schedule for the Debt Service Fund

For the Year Ended June 30, 2004

	Budget Amounts		Actual (GAAP Basis)	Variances -- Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Property Taxes	\$ 3,945,063	\$ 3,945,063	\$ 3,866,591	\$ -	\$ (78,472)
Other local sources	-	-	9,502	-	9,502
State sources	-	-	4,714	-	4,714
Total revenues	<u>3,945,063</u>	<u>3,945,063</u>	<u>3,880,807</u>	<u>-</u>	<u>(64,256)</u>
Expenditures:					
Debt Service:					
Principal	2,070,000	2,070,000	2,070,000	-	-
Interest	2,457,243	2,457,243	2,208,143	-	249,100
Total debt service	<u>4,527,243</u>	<u>4,527,243</u>	<u>4,278,143</u>	<u>-</u>	<u>249,100</u>
Total expenditures	<u>4,527,243</u>	<u>4,527,243</u>	<u>4,278,143</u>	<u>-</u>	<u>249,100</u>
Excess (deficiency) of revenues over expenditures	<u>(582,180)</u>	<u>(582,180)</u>	<u>(397,336)</u>	<u>-</u>	<u>184,844</u>
Other Financing Sources (Uses):					
Transfers in (out)	583,180	333,480	333,480	(249,700)	-
	<u>583,180</u>	<u>333,480</u>	<u>333,480</u>	<u>(249,700)</u>	<u>-</u>
Net change in fund balances	1,000	(248,700)	(63,856)	-	184,844
Fund balance--Beginning	64,570	64,570	64,570	-	-
Fund balance--Ending	<u>\$ 65,570</u>	<u>\$ (184,130)</u>	<u>\$ 714</u>	<u>\$ (249,700)</u>	<u>\$ 184,844</u>

Cedar Rapids Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2004

The Board of Directors annually adopts a budget on a basis consistent with generally accepted accounting principles. In accordance with the code of Iowa, annual budgets are adopted for the General, Management, Student Activity, Physical Plant and Equipment, Capital Projects, Debt Service and School Nutrition Funds as a whole. Appropriations lapse at fiscal year-end and then are reappropriated for the next year, if necessary.

Around January 15 of each year, all departments of the District must submit budget requests to the Executive Director of Business Services so that the budget for the next fiscal year may be prepared. The budget is prepared by fund, function, program, object and facility and is presented in the 2003-04 Budget document. The 2003-04 Budget also includes information on the past year, current year estimates, requested appropriations for the next fiscal year and the number of full-time equivalent personnel available to be utilized next year.

Before March 1, the proposed budget is presented to the Board of Directors for review. The Board of Directors holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. The budget must be adopted by an affirmative vote of a majority of the Board of Directors by April 15.

Once adopted, the budget can be amended through the same process, with all budget amendments to be completed by May 31 of the budget year affected. For 2003-2004, amendments increased the instructional functional area by \$4,608,936, total support services by \$1,231,290 and the non-instructional programs by \$995,009. These increases all relate to wage settlements that were higher than initially projected by the District. Total other expenditures was increased by \$2,015,144 for facilities construction costs. The budgetary data presented in the required supplementary information reflect all approved budget amendments. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures.

Cedar Rapids Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2004

It is the actual expenditures in each of these categories that are compared at year-end to the “certified” spending levels to determine whether or not the district has exceeded its certified budget in any one of these respective categories. During the year, expenditures in each of these four functional categories did not exceed the certified budget.

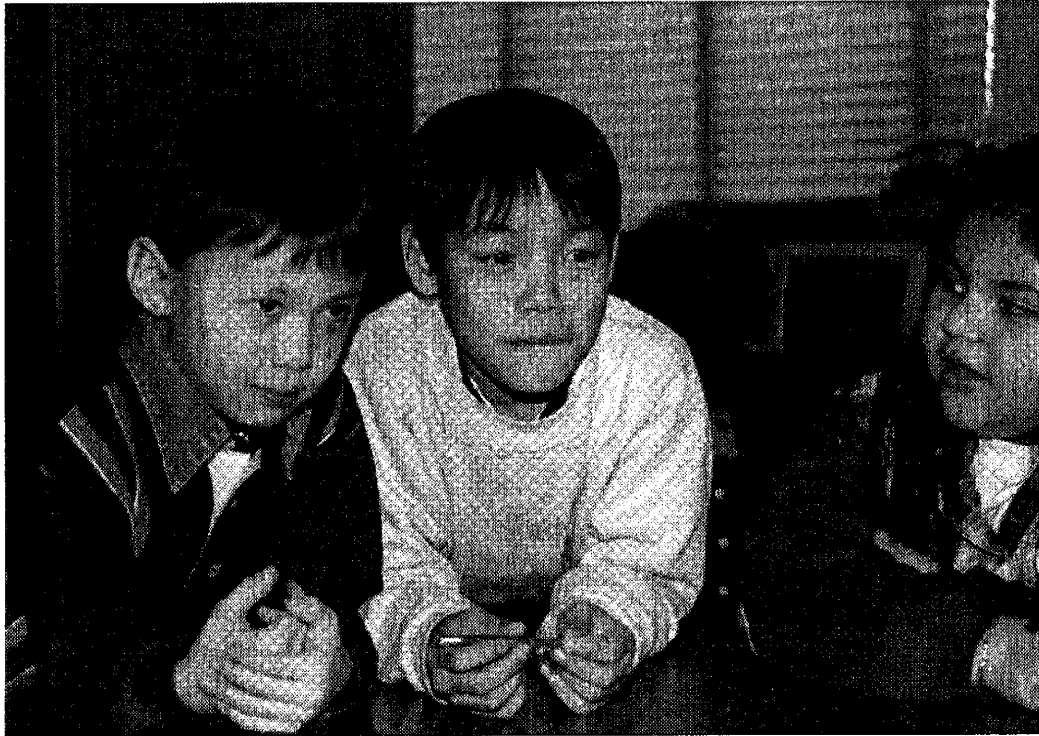
The following is a comparison of the certified budget with the actual results for the year ended June 30, 2004:

	Certified Budget	Actual	Variance- Favorable (Unfavorable)
Expenditures:			
Instruction	\$ 99,508,466	\$ 96,905,145	\$ 2,603,321
Support Services	42,272,315	38,326,880	3,945,435
Non-instructional Programs	9,149,985	8,300,382	849,603
Other Expenditures	25,491,924	21,975,077	3,516,847
Total Expenditures	<u>\$176,422,690</u>	<u>\$165,507,484</u>	<u>\$ 10,915,206</u>

The legal level of control (the level at which expenditures may not legally exceed appropriations) is the functional area level for all funds combined rather than at the individual fund level. Management can transfer within functional area, within fund type, without approval of the governing body. It is necessary, therefore, to aggregate the expenditures of the budgeted activities within the governmental funds on a functional area basis and to compare such functional area totals to functional area budgeted totals in order to demonstrate legal compliance with the budget. In addition, the School Nutrition Enterprise Fund is included in the certified budget figures but not in the budgetary comparison schedules, which includes only governmental fund types.

The District utilizes encumbrance accounting for budgetary control purposes. Obligations incurred for goods and services that have not been received or rendered are recorded to reserve that portion of the applicable fund balances. Encumbrances of \$808,457 in the General Fund, \$2,184 in the School Nutrition Fund, \$89,853 in the Management Fund, \$1,055,844 in the Physical Plant and Equipment Levy Fund and \$1,775,261 in the Capital Projects Fund were carried forward to fiscal year 2004-2005.

Supplemental Information



Cedar Rapids Community School District

General Fund

The General Fund accounts for all revenues and expenditures traditionally associated with government, which are not required legally or by sound financial management to be accounted for in other funds.

The District's General Fund is the operating fund that is used to account for most of the instructional and administrative aspects of the District's operations. The Fund's revenue consists primarily of local property taxes, and state and federal government aid.

Cedar Rapids Community School District

Statement of Revenues, Expenditures and Changes in Fund Balance

Major Fund - General

Year ended June 30, 2004

	<u>Actual</u>
Revenues:	
Local sources:	
Property taxes	\$ 44,287,638
Utility tax replacement excise tax	2,832,659
Income surtax	2,886,724
Tuition	5,016,438
Transportation	124,819
Investment earnings	122,948
Student activities	84,879
Fees and rents	600,716
Sales of services	3,158,603
Other	737,063
Total local sources	<u>59,852,487</u>
State sources:	
Foundation aid	60,876,493
Instructional support	401,783
Educational excellence program	1,478,873
AEA flowthrough	5,232,029
Nonpublic aid	602,314
Iowa Early Intervention Block grant	1,062,255
At-risk grants	926,267
Miscellaneous state grants	1,522,745
Other	286,772
Total state sources	<u>72,389,531</u>
Federal sources:	
Title I grants	2,326,114
Title V grants	137,163
Carl Perkins grant	219,727
Class size reduction	373,154
Individuals with Disabilities Education Act	741,917
Medicaid direct reimbursement	522,349
Medicaid administration (time study)	186,033
Other	601,948
Total federal sources	<u>5,108,405</u>
Total revenues	<u>137,350,423</u>

Cedar Rapids Community School District

Statement of Revenues, Expenditures and Changes in Fund Balance

Major Fund - General

Year ended June 30, 2004

	<u>Actual</u>
Expenditures:	
Instruction:	
Regular instruction:	
Salaries	\$ 34,585,479
Employee benefits	11,229,466
Purchased services	2,883,620
Supplies	1,081,495
Capital outlay	156,501
Other	(9,505,587)
	<u>40,430,974</u>
Special education:	
Salaries	15,965,841
Employee benefits	4,638,765
Purchased services	2,995,132
Supplies	292,999
Capital outlay	47,531
Other	10,685,406
	<u>34,625,674</u>
Other special instruction:	
Salaries	6,908,717
Employee benefits	2,021,618
Purchased services	621,513
Supplies	511,343
Capital outlay	97,033
Other	239,699
	<u>10,399,923</u>
Vocational instruction:	
Salaries	554,494
Employee benefits	169,216
Purchased services	27,238
Supplies	55,006
Capital outlay	64,584
Other	11,381
	<u>881,919</u>

Cedar Rapids Community School District

Statement of Revenues, Expenditures and Changes in Fund Balance

Major Fund - General

Year ended June 30, 2004

	Actual
Co-curricular instruction:	
Salaries	\$ 1,723,974
Employee benefits	238,129
Purchased services	157,048
Supplies	8,602
Other	98,557
	<u>2,226,310</u>
Nonpublic instruction:	
Purchased services	123,157
Supplies	41,732
	<u>164,889</u>
Total instruction	<u>88,729,689</u>
Support services:	
Guidance services:	
Salaries	2,313,523
Employee benefits	702,515
Purchased services	514
Supplies	5,873
	<u>3,022,425</u>
Health services:	
Salaries	1,035,774
Employee benefits	346,664
Purchased services	73,542
Supplies	29,393
Capital outlay	1,860
Other	725
	<u>1,487,958</u>
Other student services:	
Salaries	84,461
Employee benefits	10,752
Supplies	72
Other	117
	<u>95,402</u>

Cedar Rapids Community School District

Statement of Revenues, Expenditures and Changes in Fund Balance

Major Fund - General

Year ended June 30, 2004

	Actual
Improvement of instruction:	
Salaries	\$ 2,598,087
Employee benefits	673,979
Purchased services	701,696
Supplies	738,824
Capital outlay	247,299
Other	41,313
	<u>5,001,198</u>
Educational media:	
Salaries	1,973,048
Employee benefits	614,176
Purchased services	3,755
Supplies	122,149
Capital outlay	2,391
Other	572
	<u>2,716,091</u>
Board of education:	
Purchased services	143,100
Supplies	1,568
Capital outlay	197
Other	22,541
	<u>167,406</u>
Executive administration:	
Salaries	636,029
Employee benefits	129,983
Purchased services	66,928
Supplies	16,393
Capital outlay	13,078
Other	2,937
	<u>865,348</u>
School administration:	
Salaries	5,415,868
Employee benefits	1,511,744
Purchased services	129,319
Supplies	72,706
Capital outlay	12,207
Other	20,309
	<u>7,162,153</u>

Cedar Rapids Community School District

Statement of Revenues, Expenditures and Changes in Fund Balance

Major Fund - General

Year ended June 30, 2004

	Actual
Business administration:	
Salaries	\$ 1,312,845
Employee benefits	417,271
Purchased services	85,967
Supplies	307,359
Capital outlay	11,674
Other	(203,340)
	<u>1,931,776</u>
Operation & maintenance:	
Salaries	5,516,921
Employee benefits	1,788,102
Purchased services	689,011
Supplies	2,031,216
Capital outlay	52,059
Other	(101,182)
	<u>9,976,127</u>
Student transportation:	
Salaries	2,372,849
Employee benefits	398,326
Purchased services	61,702
Supplies	120,446
Capital outlay	906
Other	(1,220,165)
	<u>1,734,064</u>
Central support:	
Salaries	943,991
Employee benefits	252,226
Purchased services	170,923
Supplies	89,434
Capital outlay	24,890
Other	1,991
	<u>1,483,455</u>
Total support services	<u>35,643,403</u>

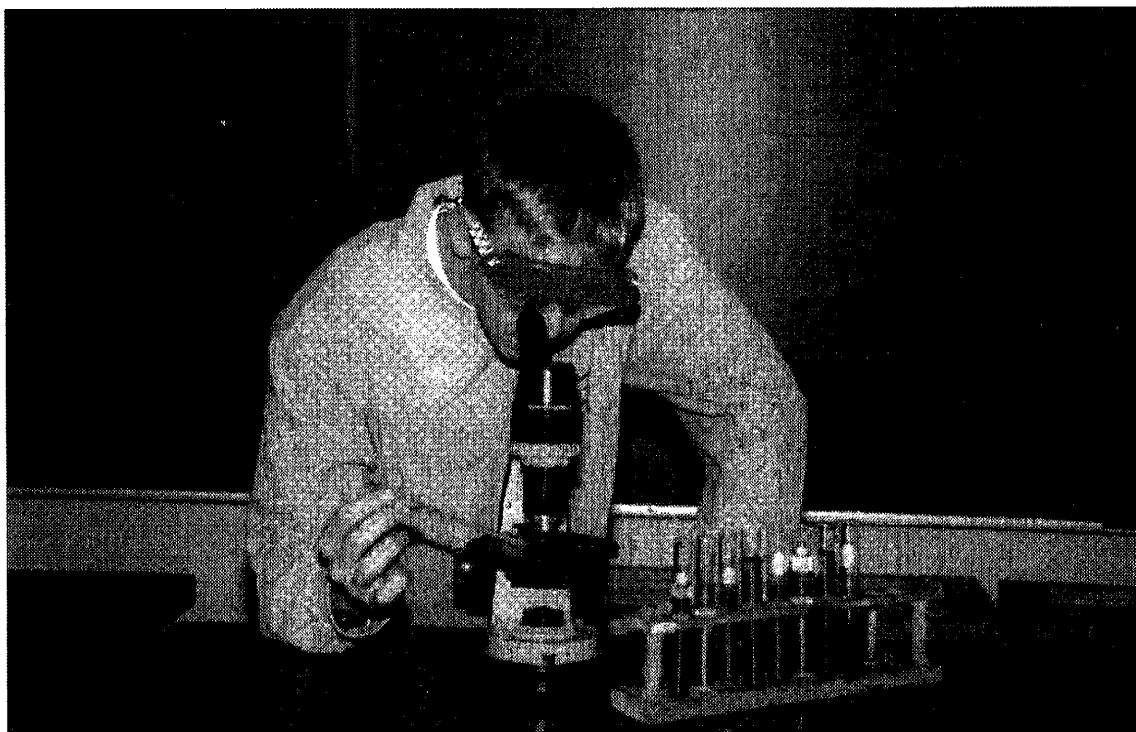
Cedar Rapids Community School District

Statement of Revenues, Expenditures and Changes in Fund Balance

Major Fund - General

Year ended June 30, 2004

	<u>Actual</u>
Non-instructional programs:	
Community service:	
Salaries	\$ 1,989,159
Employee benefits	323,026
Purchased services	2,331
Supplies	5,949
Other	20
Total non-instructional programs	<u>2,320,485</u>
Other expenditures:	
AEA flow-through	5,232,029
Total expenditures	<u>131,925,606</u>
Excess of revenues over expenditures	5,424,817
Other financing sources (uses):	
Sale of assets	13,051
Transfers in (out)	<u>(273,454)</u>
	<u>(260,403)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	5,164,414
Fund balance beginning of year	<u>4,943,345</u>
Fund balance end of year	<u><u>\$ 10,107,759</u></u>



Cedar Rapids Community School District

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Student Activity Fund

This fund accounts for the funds raised by student groups. Under state law the Board retains responsibility for the Student Activity Fund's ultimate disposition.

Debt Service Funds

Debt Service Fund

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt.

CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet

Non-Major Governmental Funds

June 30, 2004

	Special Revenue - Student Activity	Debt Service	Total Non-major Governmental Funds
Assets			
Cash and cash equivalents	\$ 767,346	\$ -	\$ 767,346
Receivables:			
Property tax - current year delinquent	-	69,832	69,832
Property tax - succeeding year	-	3,885,000	3,885,000
Other	1,462	-	1,462
Total Assets	<u>\$ 768,808</u>	<u>\$ 3,954,832</u>	<u>\$ 4,723,640</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued items	\$ 79,878	\$ 69,118	\$ 148,996
Due to other funds	9,658	-	9,658
Deferred revenue:			
Succeeding year property tax	-	3,885,000	3,885,000
Total Liabilities	<u>89,536</u>	<u>3,954,118</u>	<u>4,043,654</u>
Fund Balances:			
Unreserved and undesignated	<u>679,272</u>	<u>714</u>	<u>679,986</u>
Total Fund Balances	<u>679,272</u>	<u>714</u>	<u>679,986</u>
Total Liabilities and Fund Balances	<u>\$ 768,808</u>	<u>\$ 3,954,832</u>	<u>\$ 4,723,640</u>

See accompanying independent auditor's report.

CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-Major Governmental Funds

Year ended June 30, 2004

	Special Revenue - Student Activity	Debt Service	Total Non-major Governmental Funds
Revenues:			
Local sources:			
Property tax	\$ -	\$ 3,866,591	\$ 3,866,591
Other local sources	4,566,710	9,502	4,576,212
State sources	-	4,714	4,714
Total Revenues	<u>4,566,710</u>	<u>3,880,807</u>	<u>8,447,517</u>
Expenditures:			
Current:			
Other instruction	4,511,684	-	4,511,684
Debt service:			
Principal		2,070,000	2,070,000
Interest	-	2,208,143	2,208,143
Total Expenditures	<u>4,511,684</u>	<u>4,278,143</u>	<u>8,789,827</u>
Excess (Deficiency) of Revenues over (under) Expenditures	55,026	(397,336)	(342,310)
Other Financing Sources:			
Transfers in	-	333,480	333,480
Net Changes in Fund Balances	55,026	(63,856)	(8,830)
Fund Balances at Beginning of Year	<u>624,246</u>	<u>64,570</u>	<u>688,816</u>
Fund Balances at End of Year	<u>\$ 679,272</u>	<u>\$ 714</u>	<u>\$ 679,986</u>

See accompanying independent auditor's report.



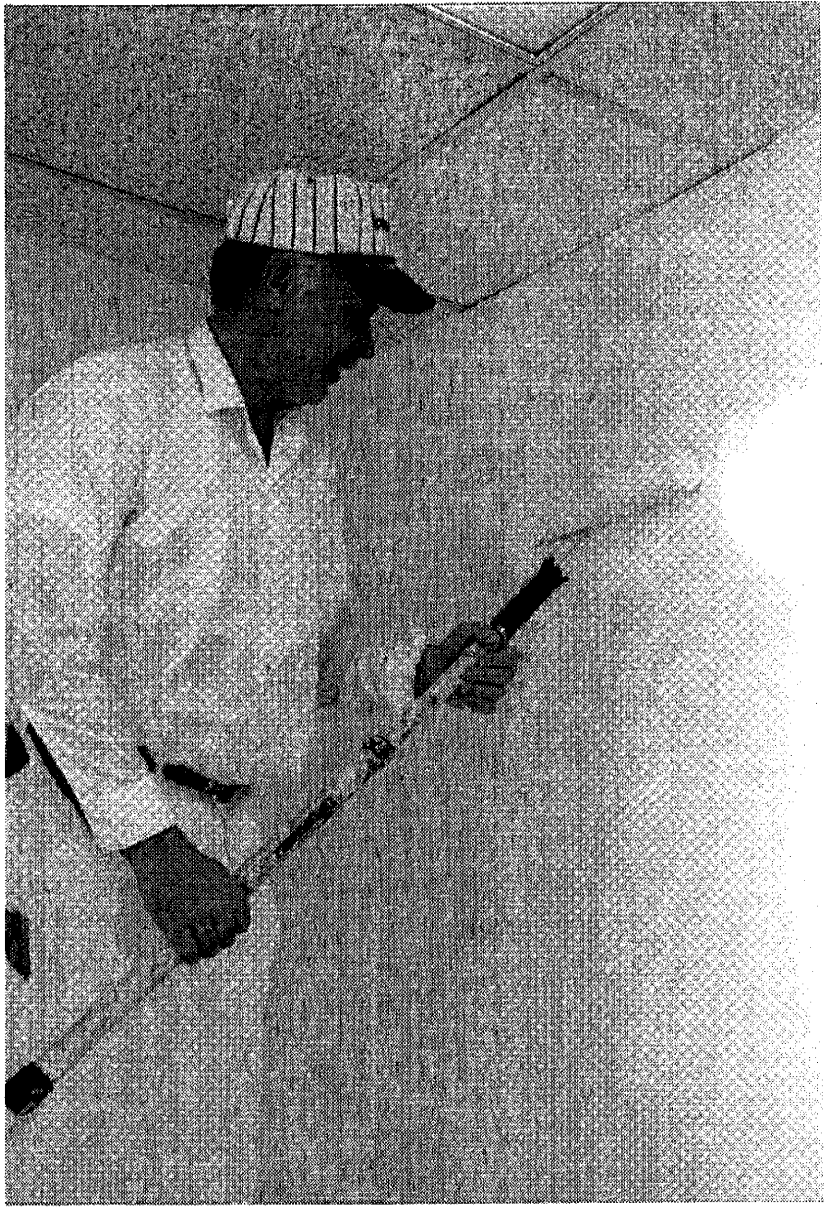
Cedar Rapids Community School District

**Schedule of Changes in Fiduciary Assets and Liabilities -
Agency Fund**

Year ended June 30, 2004

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets:				
Cash	\$ 25,307	13,745	(3,037)	\$ 36,015
Total assets	<u>\$ 25,307</u>	<u>13,745</u>	<u>(3,037)</u>	<u>\$ 36,015</u>
Liabilities:				
Accounts payable	\$ 25,307	13,745	(3,037)	\$ 36,015
Total liabilities	<u>\$ 25,307</u>	<u>13,745</u>	<u>(3,037)</u>	<u>\$ 36,015</u>

See accompanying independent auditor's report.



Cedar Rapids Community School District

Capital Assets Used in the Operation of Governmental Funds

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

The following schedules include the information previously reported in the general fixed assets account group.

Cedar Rapids Community School District

Schedule of Capital Assets - By Source

June 30, 2004

Capital Assets:

Land	\$ 8,367,636
Construction in progress	31,285,654
Buildings and improvements	48,124,320
Equipment	16,038,856
Vehicles	7,492,455
Total capital assets	<u>\$ 111,308,921</u>

Investment in capital assets by source:

General fund	\$ 13,582,822
Special revenue funds	31,379,518
Capital projects funds	66,346,581
Total investment in capital assets	<u>\$ 111,308,921</u>

Cedar Rapids Community School District

**Schedule of Changes in Capital Assets
By Function**

Year ended June 30, 2004

Function	Capital Assets July 1, 2003	Additions	Disposals	Capital Assets June 30, 2004
Instruction	\$ 90,220,664	\$ 9,272,716	\$ 530,836	\$ 98,962,544
Pupil Transportation	7,062,649	354,122	188,398	7,228,373
Maintenance	1,420,712	174,168	97,020	1,497,860
Administration	3,434,952	218,645	33,453	3,620,144
Total Capital Assets	<u>\$ 102,138,977</u>	<u>\$ 10,019,651</u>	<u>\$ 849,707</u>	<u>\$ 111,308,921</u>

Cedar Rapids Community School District

**Schedule of Capital Assets -
By Function**

June 30, 2004

Function	Land	Construction in Progress	Buildings and Improvements	Equipment	Vehicles	Total
Instruction	\$ 7,642,072	\$ 31,285,654	\$ 47,347,515	\$ 12,337,350	\$ 349,953	\$ 98,962,544
Pupil Transportation	571,504	0	333,800	226,068	6,097,001	7,228,373
Maintenance	96,144	0	83,280	353,974	964,462	1,497,860
Administration	57,916	0	359,725	3,121,464	81,039	3,620,144
	<u>\$ 8,367,636</u>	<u>\$ 31,285,654</u>	<u>\$ 48,124,320</u>	<u>\$ 16,038,856</u>	<u>\$ 7,492,455</u>	<u>\$ 111,308,921</u>

Statistical Section

Cedar Rapids Community School District

District-wide Expenses by Function

Last Three Fiscal Years*

Functions/Programs	2003-2004	2002-2003	2001-2002
Governmental activities:			
Instruction:			
Regular instruction	\$ 44,043,950	\$ 43,002,781	\$ 52,772,992
Special instruction	45,228,653	43,274,213	39,546,723
Vocational instruction	892,460	976,293	1,292,609
Other instruction	6,946,843	6,195,022	6,390,416
Total Instruction	97,111,906	93,448,309	100,002,740
Support services:			
Student services	4,632,090	4,488,899	4,412,362
Instructional staff services	7,727,069	7,751,257	10,411,622
General administration services	1,034,397	1,121,162	1,952,978
School administration services	7,672,309	7,816,080	8,138,354
Business services	2,011,643	2,205,315	2,197,315
Operations and maintenance	10,913,085	10,968,971	10,437,019
Student transportation	2,314,212	2,448,558	2,394,106
Central services	1,596,109	1,400,776	1,756,766
Community services	2,361,262	2,242,229	2,185,561
Other expenditures	3,967,494	(1,753,066)	8,817,447
Interest on long-term debt	2,205,516	2,319,305	1,293,956
AEA flowthrough	5,232,029	5,474,160	5,452,927
Total Support Services	51,667,215	46,483,646	59,450,413
Total governmental activities	148,779,121	139,931,955	159,453,153
Business-type activities:			
Food services	5,823,143	5,804,394	5,747,692
Total Expenses	\$154,602,264	\$145,736,349	\$165,200,845

* The Cedar Rapids Community School District began reporting in accordance with GASB 34 beginning with the 2001-2002 fiscal

Cedar Rapids Community School District

District-wide Revenues

Last Three Fiscal Years*

	2003-2004	2002-2003	2001-2002
Program Revenues			
Charges for services	\$16,874,884	\$15,730,113	\$15,629,243
Operating Grants & Contributions	19,185,704	18,338,103	18,604,399
Capital Grants & Contributions	<u>1,207,873</u>	<u>1,904,931</u>	<u>853,180</u>
Total Program Revenues	37,268,461	35,973,147	35,086,822
General Revenues			
Taxes	63,128,302	62,491,710	51,132,458
State Formula Aid not Restricted	61,534,656	61,187,961	59,253,362
Other	<u>1,421,330</u>	<u>1,915,187</u>	<u>2,078,696</u>
Total General Revenues	126,084,288	125,594,858	112,464,516
Total Revenues	<u>\$163,352,749</u>	<u>\$161,568,005</u>	<u>\$147,551,338</u>

* The Cedar Rapids Community School District began reporting in accordance with GASB 34 beginning with the 2001-2002 fiscal year.

Cedar Rapids Community School District

General Fund Expenditures,* by Function

Last Ten Fiscal Years

Fiscal Year Ended June 30	General Education	Special Education	Skill Development	Career Education	Co- Curricular Instruction
2004	\$ 45,827,892	\$ 34,625,674	\$ 10,399,923	\$ 881,919	\$ 2,226,310
2003	46,079,078	33,566,832	9,622,856	981,137	2,195,410
2002	49,804,973	31,190,154	8,258,780	1,233,039	2,119,523
2001	47,209,406	27,933,434	8,911,752	1,258,641	1,959,127
2000	45,831,010	25,228,802	5,295,329	1,520,876	1,897,995
1999	43,128,767	23,615,145	5,159,491	1,525,807	1,556,853
1998	43,663,886	20,549,007	4,633,787	1,405,924	1,546,643
1997	40,887,144	18,790,982	4,643,513	1,340,674	1,455,779
1996	42,318,386	17,221,050	5,700,524	1,297,140	1,292,862
1995	38,210,877	16,192,491	5,381,292	1,166,602	1,175,240

Source: District financial records.

* General Fund expenditures exclude: "Other Financing Sources."

Student Services	Instructional Support Services	General Administration	Operations & Maintenance	Central Administration	Total
\$ 4,605,785	\$ 10,037,774	\$ 9,261,335	\$ 11,710,191	\$ 2,348,803	\$ 131,925,606
4,487,987	9,741,051	9,608,443	12,314,990	2,374,234	130,972,018
4,408,831	11,913,209	9,113,512	12,199,139	2,506,386	132,747,546
4,323,996	11,037,397	8,712,439	12,657,623	2,426,323	126,430,138
6,468,644	8,325,442	8,578,129	12,007,948	4,581,461	119,735,636
6,048,827	8,134,683	8,236,057	10,917,205	3,963,904	112,286,739
5,503,180	6,578,523	7,723,491	11,096,140	3,436,502	106,137,083
5,395,126	6,228,442	6,309,563	10,584,096	2,836,026	98,471,345
2,741,289	5,331,472	7,014,303	9,581,229	1,345,323	93,843,578
2,761,008	6,056,813	6,674,379	10,478,095	1,570,278	89,667,075

Cedar Rapids Community School District

General Fund Revenues, By Source

Last Ten Fiscal Years

Fiscal Year Ended June 30	Local Tax	State	Federal	Miscellaneous*	Total
2004	\$ 47,120,297	\$ 72,389,531	\$ 5,108,405	\$ 12,745,241	\$137,363,474
2003	45,942,293	72,765,395	4,130,280	12,451,590	135,289,558
2002	40,833,048	71,776,146	3,409,076	12,477,601	128,495,871
2001	38,430,602	70,847,436	3,278,467	12,613,018	125,169,523
2000	37,525,346	66,258,188	2,575,067	12,894,622	119,253,223
1999	37,948,665	61,072,836	2,170,928	11,800,809	112,993,238
1998	36,129,730	58,889,702	2,544,427	7,934,244	105,498,103
1997	35,728,480	55,307,362	2,034,053	7,450,999	100,520,894
1996	35,308,002	49,443,517	2,042,929	7,165,918	93,960,366
1995	33,991,920	47,371,829	2,067,232	6,765,331	90,196,312

Source: District financial records.

* Includes Sale of assets

Cedar Rapids Community School District

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes To Total Tax Levy
2004	\$61,416,731	\$59,554,158	97.0 %	\$681,536	1.1 %
2003	59,637,988	58,840,329	98.7	601,388	1.0
2002	47,704,561	47,061,340	98.7	337,525	0.7
2001	44,274,300	44,605,450	100.7	224,999	0.5
2000	42,829,427	42,949,653	100.3	270,841	0.6
1999	43,274,721	43,234,539	99.9	393,714	0.9
1998	41,843,276	41,316,840	98.7	250,301	0.6
1997	41,278,839	40,976,174	99.3	484,950	1.2
1996	41,055,784	40,675,102	99.1	530,493	1.3
1995	39,753,617	39,310,760	98.9	507,249	1.3

Source: District financial records and Linn County Auditor.

Cedar Rapids Community School District
Assessed and Taxable Value of Property
Last Ten Fiscal Years

Assessment Year	Collection Year	Real Property	
		*Taxable Value	Assessed Value
2002	2003-04 (A)	\$3,640,817,375	\$5,760,602,589
2001	2002-03 (B)	\$3,531,283,866	\$5,617,276,812
2000	2001-02 (C)	3,347,667,113	4,954,894,744
1999	2000-01 (D)	3,235,975,666	4,872,528,493
1998	1999-00 (E)	3,259,428,326	4,789,498,318
1997	1998-99 (F)	3,116,461,999	4,696,467,399
1996	1997-98 (G)	2,996,902,962	4,275,909,021
1995	1996-97 (H)	2,907,256,049	4,168,361,699
1994	1995-96 (I)	2,741,110,322	3,602,619,779
1993	1994-95 (J)	2,684,165,792	3,508,041,565

- (A) Equalization order applied by County Auditor.
Rollback 51.3874% residential, 100% utilities.
- (B) Equalization order applied by County Auditor.
Rollback 51.6676% residential, 100% utilities.
- (C) Equalization order applied by County Auditor.
Rollback 56.2651% residential, 100% utilities.
- (D) Equalization order applied by County Auditor.
Rollback 54.8525% residential, 100% utilities.
- (E) Equalization order applied by County Auditor.
Rollback 56.4789% residential, 100% utilities.
- (F) Equalization order applied by County Auditor.
Rollback 54.9090% residential, 100% utilities.
- (G) Equalization order applied by County Auditor.
Rollback 58.8284% residential, 100% utilities.
- (H) Equalization order applied by County Auditor.
Rollback 59.1380% residential, 100% utilities.
- (I) Equalization order applied by County Auditor.
Rollback 67.5074% residential, 97.2090 utilities.
- (J) Equalization order applied by County Auditor.
Rollback 68.0404% residential, 100% utilities.

* "Taxable Value" excludes Tax Increment Financing, (TIF) valuation
Source: Linn County Auditor's Office

Utilities		Total		Ratio
*Taxable Value	Assessed Value	*Taxable Value	Assessed Value	Taxable Value to Assessed Value
\$335,465,814	\$335,465,814	\$3,976,283,189	\$6,096,068,403	65.2%
\$326,994,213	\$327,129,914	\$3,858,278,079	\$5,944,406,726	64.9%
324,204,098	324,204,098	3,671,871,211	5,279,098,842	69.6%
322,212,752	322,289,275	3,558,188,418	5,194,817,768	68.5%
344,568,240	344,568,240	3,603,996,566	5,134,066,558	70.2%
347,642,093	347,803,311	3,464,104,092	5,044,270,710	68.7%
313,653,297	313,653,297	3,310,556,259	4,589,562,318	72.1%
308,792,038	308,980,648	3,216,048,087	4,477,342,347	71.8%
319,275,434	328,442,259	3,060,385,756	3,931,062,038	77.9%
287,538,799	287,538,799	2,971,704,591	3,795,580,364	78.3%

Cedar Rapids Community School District

Property Tax Rates Per \$1,000 Assessed Valuation - Direct and Overlapping Governments

Last Ten Fiscal Years

Levy Year	Collection Year	City of Cedar Rapids		Town of Bertram	
2002	2003-2004*				
	County	\$	5.29322	\$	5.29322
	Schools		15.36838		15.36838
	City		13.06777		4.39996
	Miscellaneous		1.07587		0.97726
	Total Levy	\$	34.80524	\$	26.03882
	Ratio of Cedar Rapids Community School District to Total		44.2%		59.0%
2001	2002-2003*				
	County	\$	5.25419	\$	5.25419
	Schools		15.35946		15.35946
	City		12.82969		4.39989
	Miscellaneous		1.06121		0.96170
	Total Levy	\$	34.50455	\$	25.97524
	Ratio of Cedar Rapids Community School District to Total		44.5%		59.1%
2000	2001-2002*				
	County	\$	5.24684	\$	5.24684
	Schools		12.94707		12.94707
	City		13.04000		4.39994
	Miscellaneous		1.01956		0.87966
	Total Levy	\$	32.25347	\$	23.47351
	Ratio of Cedar Rapids Community School District to Total		40.1%		55.2%
1999	2000-2001*				
	County	\$	5.31110	\$	5.31110
	Schools		12.40887		12.40887
	City		12.74497		4.39994
	Miscellaneous		0.97792		0.87427
	Total Levy	\$	31.44286	\$	22.99418
	Ratio of Cedar Rapids Community School District to Total		39.5%		54.0%

City of Hiawatha		City of Marion		Town of Palo		Town of Robins	
\$	5.29322	\$	5.29322	\$	5.29322	\$	5.29322
	15.36838		15.36838		15.36838		15.36838
	11.31981		13.46667		10.68073		8.55126
	0.97726		0.97726		0.97726		0.97726
\$	32.95867	\$	35.10553	\$	32.31959	\$	30.19012
46.6%		43.8%		47.6%		50.9%	
\$	5.25419	\$	5.25419	\$	5.25419	\$	5.25419
	15.35946		15.35946		15.35946		15.35946
	11.11468		13.25744		10.59898		8.58425
	0.96170		0.96170		0.96170		0.96170
\$	32.69003	\$	34.83279	\$	32.17433	\$	30.15960
47.0%		44.1%		47.7%		50.9%	
\$	5.24684	\$	5.24684	\$	5.24684	\$	5.24684
	12.94707		12.94707		12.94707		12.94707
	10.93415		12.78971		10.54580		8.61467
	0.87966		0.87966		0.87966		0.87966
\$	30.00772	\$	31.86328	\$	29.61937	\$	27.68824
43.1%		40.6%		43.7%		46.8%	
\$	5.31110	\$	5.31110	\$	5.31110	\$	5.31110
	12.40887		12.40887		12.40887		12.40887
	10.85444		12.75826		10.01942		9.04828
	0.87427		0.87427		0.87427		0.87427
\$	29.44868	\$	31.35250	\$	28.61366	\$	27.64252
42.1%		39.6%		43.4%		44.9%	

Cedar Rapids Community School District

Property Tax Rates Per \$1,000 Assessed Valuation - Direct and Overlapping Governments (continued)

Last Ten Fiscal Years

Levy Year	Collection Year	City of Cedar Rapids		Town of Bertram	
1998	1999-2000*				
	County	\$	5.31110	\$	5.31110
	Schools		11.88387		11.88387
	City		12.40000		4.39991
	Miscellaneous		0.93054		0.89281
	Total Levy	\$	30.52551	\$	22.48769
	Ratio of Cedar Rapids Community School District to Total		38.9%		52.8%
1997	1998-1999*				
	County	\$	5.38110	\$	5.38110
	Schools		12.48780		12.48780
	City		12.32432		4.39987
	Miscellaneous		0.84003		0.85972
	Total Levy	\$	31.03325	\$	23.12849
	Ratio of Cedar Rapids Community School District to Total		40.2%		54.0%
1996	1997-1998*				
	County	\$	5.61839	\$	5.61839
	Schools		12.50172		12.50172
	City		12.07416		4.39996
	Miscellaneous		0.92556		0.92230
	Total Levy	\$	31.11983	\$	23.44237
	Ratio of Cedar Rapids Community School District to Total		40.2%		53.3%
1995	1996-1997*				
	County	\$	5.94563	\$	5.94563
	Schools		12.83183		12.83183
	City		12.07417		4.13036
	Miscellaneous		0.86018		0.91861
	Total Levy	\$	31.71181	\$	23.82643
	Ratio of Cedar Rapids Community School District to Total		40.5%		53.9%

City of Hiawatha		City of Marion		Town of Palo		Town of Robins	
\$	5.31110	\$	5.31110	\$	5.31110	\$	5.31110
	11.88387		11.88387		11.88387		11.88387
	10.87986		12.39855		9.99010		9.04591
	0.89281		0.89281		0.89281		0.89281
\$	28.96764	\$	30.48633	\$	28.07788	\$	27.13369
41.0%		39.0%		42.3%		43.8%	
\$	5.38110	\$	5.38110	\$	5.38110	\$	5.38110
	12.48780		12.48780		12.48780		12.48780
	10.34467		12.46129		9.66518		9.00902
	0.85972		0.85972		0.85972		0.85972
\$	29.07329	\$	31.18991	\$	28.39380	\$	27.73764
43.0%		40.0%		44.0%		45.0%	
\$	5.61839	\$	5.61839	\$	5.61839	\$	5.61839
	12.50172		12.50172		12.50172		12.50172
	10.94417		13.16082		9.65405		8.96845
	0.92230		0.92230		0.92230		0.92230
\$	29.98658	\$	32.20323	\$	28.69646	\$	28.01086
41.7%		38.8%		43.6%		44.6%	
\$	5.94563	\$	5.94563	\$	5.94563	\$	5.94563
	12.83183		12.83183		12.83183		12.83183
	9.77853		13.10005		10.06695		8.81930
	0.91861		0.91861		0.91861		0.91861
\$	29.47460	\$	32.79612	\$	29.76302	\$	28.51537
43.5%		39.1%		43.1%		45.0%	

Cedar Rapids Community School District

**Property Tax Rates Per \$1,000 Assessed Valuation -
Direct and Overlapping Governments (continued)**

Last Ten Fiscal Years

Levy Year	Collection Year	City of Cedar Rapids		Town of Bertram	
1994	1995-96*				
	County	\$	6.13757	\$	6.13757
	Schools		13.40785		13.40785
	City		12.09999		4.33791
	Miscellaneous		0.89658		0.93372
	Total Levy	\$	32.54199	\$	24.81705
	Ratio of Cedar Rapids Community School District to Total		41.2%		54.0%
1993	1994-95*				
	County	\$	6.70659	\$	6.70659
	Schools		13.36995		13.36995
	City		12.11746		4.21185
	Miscellaneous		0.85753		0.87088
	Total Levy	\$	33.05153	\$	25.15927
	Ratio of Cedar Rapids Community School District to Total		40.5%		53.1%

*Tax rates expressed in dollars per \$1,000 of assessed valuation.

Source: Linn County Auditor.

City of Hiawatha		City of Marion		Town of Palo		Town of Robins	
\$	6.13757	\$	6.13757	\$	6.13757	\$	6.13757
	13.40785		13.40785		13.40785		13.40785
	10.95618		12.95790		10.51679		7.66786
	0.93372		0.93372		0.93372		0.93372
\$	31.43532	\$	33.43704	\$	30.99593	\$	28.14700
42.7%		40.1%		43.3%		47.6%	
\$	6.70659	\$	6.70659	\$	6.70659	\$	6.70659
	13.36995		13.36995		13.36995		13.36995
	9.65988		12.60936		8.92156		7.60559
	0.87088		0.87088		0.87088		0.87088
\$	30.60730	\$	33.55678	\$	29.86898	\$	28.55301
43.7%		39.8%		44.8%		46.8%	

Cedar Rapids Community School District

Computation of Legal Debt Margin

June 30, 2004

As of June 30, 2004, the District did not exceed its legal debt margin, computed as follows:

Total taxable valuation*	<u>\$ 4,133,746,628</u>
Debt limit 5% of total taxable valuation	\$ 206,687,331
Amount of debt applicable to debt limit, total general obligation bonded debt, QZAB bond payable, and capital loan payable	<u>(44,184,000)</u>
Excess of debt limit over bonded debt issued, legal debt margin	<u>\$ 162,503,331</u>

*Total taxable valuation includes Tax Increment Financing, (TIF) valuation
Source: Linn County Auditor.

Cedar Rapids Community School District

Ratio of General Obligation Bonded Debt to Taxable Value and General Obligation Bonded Debt Per Capita

Last Ten Fiscal Years

Fiscal Year (of Collection)	Population	Taxable* Value	General Obligation Bonded Debt	Ratio of General Obligation Bonded Debt to Taxable Value	General Obligation Bonded Debt Per Capita
2003-04	120,758	\$3,976,283,189	\$43,025,000	1.08 %	\$356
2002-03	120,758	3,858,278,079	44,800,000	1.16	371
2001-02	120,758	3,671,871,211	45,850,000	1.25	380
2000-01	120,758	3,558,188,418	10,000,000	0.28	83
1999-00	113,482	3,603,996,566	-	0.00	0
1998-99	113,482	3,464,104,092	-	0.00	0
1997-98	113,482	3,310,556,259	650,000	0.02	6
1996-97	113,482	3,216,048,087	1,250,000	0.04	11
1995-96	113,482	3,060,385,756	1,825,000	0.06	16
1994-95	113,438	2,971,704,591	2,350,000	0.08	21

Population - Source: Cedar Rapids Chamber of Commerce.

Taxable Value - Source: Linn County Auditor.

*Taxable Value excludes Tax Increment Financing, (TIF) valuation

Cedar Rapids Community School District

Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Fund Expenditures

Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures*	Ratio of Debt Service to Total General Fund Expenditures
2003-04	\$1,775,000	\$2,169,062	\$3,944,062	\$ 131,925,606	2.99 %
2002-03	1,050,000	2,957,655	4,007,655	130,972,018	3.06
2001-02	150,000	595,550	745,550	132,747,546	0.56
2000-01	-	-	-	126,430,138	0.00
1999-00	-	-	-	119,735,636	0.00
1998-99	650,000	43,875	693,875	112,286,739	0.62
1997-98	600,000	84,375	684,375	106,137,083	0.64
1996-97	575,000	123,188	698,188	98,471,345	0.71
1995-96	525,000	158,414	683,414	93,843,578	0.73
1994-95	500,000	191,863	691,863	89,667,075	0.77

Source: District financial records.

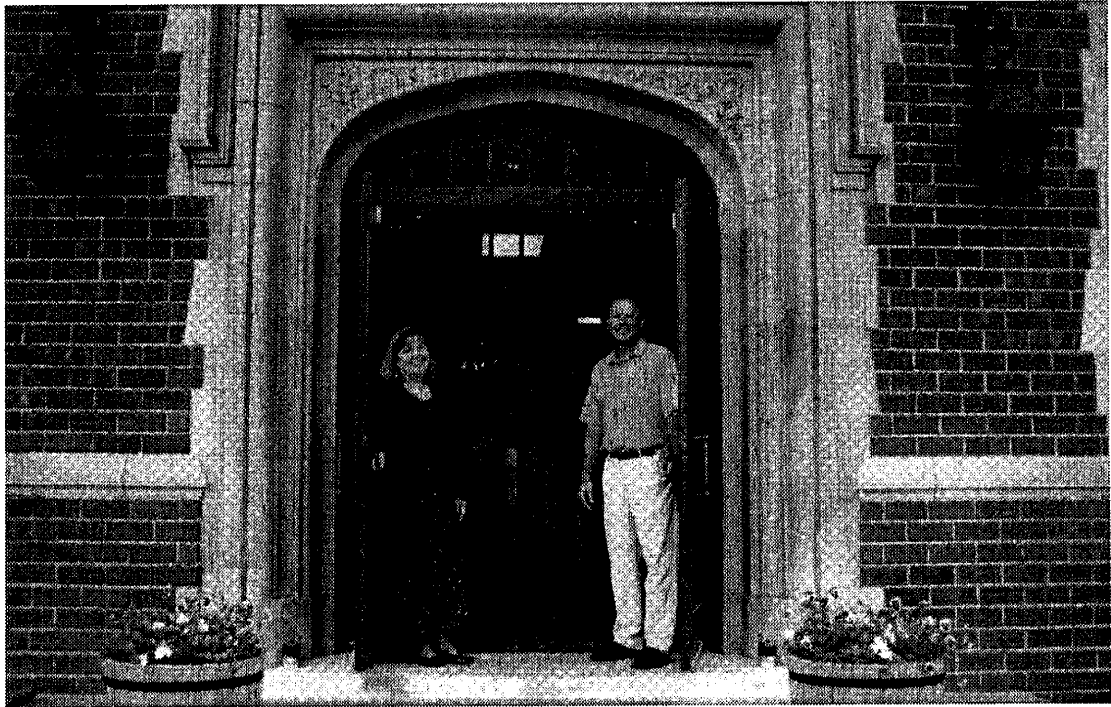
* General Fund expenditures exclude: "Other Financing Sources."

Cedar Rapids Community School District
Computation of Direct and Overlapping Debt

June 30, 2004

	Gross General Obligation Debt Outstanding	Percentage Applicable to Governmental Unit	Cedar Rapids Community School District Share of Debt
Direct:			
Cedar Rapids Community School District	\$43,025,000	100.00 %	\$43,025,000
Overlapping:			
City of Cedar Rapids	69,461,328	72.51	50,366,409
City of Hiawatha	8,095,000	100.00	8,095,000
City of Marion	11,240,000	1.70	191,080
City of Robins	3,725,000	73.16	2,725,210
Kirkwood Community College	16,140,000	27.09	4,372,330
Linn County	5,510,000	56.77	3,128,027
Total Overlapping	114,171,328	60.33	68,878,056
Total Direct and Overlapping Debt	<u>\$157,196,328</u>	<u>71.19 %</u>	<u>\$111,903,056</u>

Source: Linn County Auditor



CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

Demographic Statistics

Last Ten Fiscal Years

Calendar Year	Population	Per Capita Income *	Mean Household Income *	Retail Sales * (In Millions)	Median Age	Unemployment Rate
2003	120,758	\$ 30,416	\$ 73,612	\$ 2,470	36.6	4.4%
2002	120,758	30,150	73,187	2,421	36.5	4.0
2001	120,758	29,916	72,834	2,371	35.5	2.9
2000	113,482	29,493	71,996	2,341	36.2	1.8
1999	113,482	28,746	70,381	2,225	35.9	2.0
1998	113,482	28,256	69,247	2,069	33.1	1.9
1997	113,482	26,023	63,855	1,994	35.2	2.6
1996	113,482	25,338	62,310	1,959	34.5	2.9
1995	113,482	24,812	61,435	1,906	34.3	2.8
1994	113,438	24,407	60,882	1,862	34.1	3.1

Source: Cedar Rapids Chamber of Commerce

* Stated in 1996 dollars

CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

Construction and Property Values

Last Ten Fiscal Years

Fiscal Year	New Construction		Remodeling, Repairs and Additions		All Construction
	Number of Permits	Value of Permits	Number of Permits	Value of Permits	Number of Permits
2002-03	1,822	\$79,818,471	5,282	\$58,408,213	7,104
2001-02	1,737	94,177,319	6,334	58,603,022	8,071
2000-01	1,768	100,134,810	5,067	55,969,400	6,835
1999-00	1,925	139,578,485	4,737	62,278,422	6,662
1998-99	2,071	103,200,806	5,554	49,849,016	7,625
1997-98	2,027	97,362,915	5,453	69,081,303	7,480
1996-97	1,872	88,107,677	5,136	39,934,741	7,008
1995-96	1,786	80,102,523	5,021	51,369,102	6,807
1994-95	1,867	99,839,182	5,471	57,493,861	7,338
1993-94	1,831	89,287,049	6,516	37,628,465	8,347

Construction - Source: Cedar Rapids Chamber of Commerce

Assessed Property Values - Source: Linn County Auditor

All
Construction

Value of
Permits

\$138,226,684
152,780,341
156,104,210
201,856,907
153,049,822
166,444,218
128,042,418
131,471,625
157,333,043
126,915,514

Assessment Year	Assessed Property Value		
	Real	Utilities	Total
2002	\$5,760,602,589	\$335,465,814	\$6,096,068,403
2001	5,617,276,812	327,129,914	5,944,406,726
2000	4,954,894,744	324,204,098	5,279,098,842
1999	4,872,528,493	322,289,275	5,194,817,768
1998	4,789,498,318	344,568,240	5,134,066,558
1997	4,696,467,399	347,803,311	5,044,270,710
1996	4,275,909,021	313,653,297	4,589,562,318
1995	4,168,361,699	308,980,648	4,477,342,347
1994	3,602,619,779	328,442,259	3,931,062,038
1993	3,508,041,565	287,538,799	3,795,580,364

CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT

Principal Taxpayers

June 30, 2004

Taxpayer	Type of Business	Assessed Value 2002 for FY 2004 Revenue	
		Amount	Percentage of Total Assessed Valuation
IES Industries, Inc.	Electrial and gas utility	\$199,812,900	3.3%
AEGON USA, Inc.	Insurance	53,657,645	0.9%
H-N-W Associates (Westdale Mall)	Real estate developer	49,202,194	0.8%
Qwest	Telephone utility	26,279,211	0.4%
MidAmerican Energy	Electrical and gas utility	25,464,263	0.4%
Windsor Joint Venture	Residential apartment	22,948,083	0.4%
Robert Miell	Real Estate Holdings	20,307,260	0.3%
Connie Keener	Real Estate Holdings	17,767,865	0.3%
OPN LC	Architecture / Real Estate	17,531,372	0.3%
Iowa Land and Building	Real Estate Holdings	17,376,194	0.3%
Totals		\$450,346,987	7.4%

Source: Linn County Auditor

Cedar Rapids Community School District

General Analysis of Facilities and Staffing

Name of School	Date Constructed	Grades Served	Head Count Enrollment Third Friday in September 2003	Teachers Actively Employed* Third Friday in September 2003	Student/Teacher Ratio
High Schools (9-12)					
Jefferson	1959	9-12 and Special Education	1,614	99.4	16.2
Kennedy	1967	9-12 and Special Education	1,748	105.0	16.6
Metro	1955	9-12 and Special Education	543	34.0	16.0
Washington	1958	9-12 and Special Education	1,539	100.6	15.3
Total High Schools			5,444	339.0	16.1
Middle Schools (6-8)					
Franklin	1922	6-8 and Special Education	658	50.4	13.1
Harding	1964	6-8 and Special Education	883	65.8	13.4
McKinley	1922	6-8 and Special Education	712	58.2	12.2
Roosevelt	1924	6-8 and Special Education	643	52.3	12.3
Taft	1965	6-8 and Special Education	699	48.7	14.4
Taft alternative	1965	6-8 and Special Education	22	5.6	3.9
Wilson	1928	6-8 and Special Education	314	25.8	12.2
Total Middle Schools			3,931	306.8	12.8
Elementary Schools (K-5)					
Arthur	1914	K-5 and Special Education	318	22.0	14.5
Cleveland	1950	K-5 and Special Education	385	25.5	15.1
Coolidge	1967	K-5 and Special Education	410	26.6	15.4
Erskine	1955	1-5 and Special Education	330	21.6	15.3
Garfield	1930	K-5 and Special Education	295	20.3	14.5
Gibson	2002	K-5 and Special Education	448	31.5	14.2
Grant	1961	K and Special Education	179	17.2	10.4
Grant Wood	1948	1-5 and Special Education	362	24.5	14.8
Harrison	1930	K-5 and Special Education	407	31.2	13.0
Hiawatha	1956	K-5 and Special Education	399	28.8	13.9
Hoover	1954	K-5 and Special Education	284	20.2	14.1
Jackson	1970	K-5 and Special Education	282	21.4	13.2
Johnson	1955	1-5 and Special Education	366	30.7	11.9
Kenwood	1950	K-5 and Special Education	285	23.8	12.0
Madison	1961	K-5 and Special Education	262	21.6	12.1
Monroe	1961	Kindergarten and Spec. Ed.	255	18.9	13.5
Nixon	1970	K-5 and Special Education	309	20.6	15.0
Pierce	1965	K-5 and Special Education	450	25.7	17.5
Polk	1961	K-5 and Special Education	200	24.1	8.3
Taylor	1973	K-5 and Special Education	270	32.0	8.4
Truman	1961	K-5 and Special Education	336	24.3	13.8
Van Buren	1970	K-5 and Special Education	412	31.2	13.2
Wilson	1961	K-5 and Special Education	276	20.0	13.8
Wright	1953	K-5 and Special Education	230	26.5	8.7
Total Elementary Schools			7,750	590.2	13.1
Pre-school & Homeschool & ESC Facilitators			482	36.6	13.2
Off Campus Programs			122	16.8	7.3
Total			17,729	1,289.4	13.7

* All certified staff, including support personnel, such as counselors and media specialists (full-time equivalent).

Head Count Enrollment - Source: District Research Department

Teachers Actively Employed - Source: District Human Resources Department

Cedar Rapids Community School District

Enrollment by Grade*

Last Ten Fiscal Years

Grade	2003-04	2002-03	2001-02	2000-01
Kindergarten	1,416	1,392	1,293	1,410
1	1,210	1,138	1,231	1,312
2	1,065	1,174	1,199	1,288
3	1,078	1,122	1,209	1,300
4	1,059	1,131	1,143	1,264
5	1,077	1,069	1,094	1,241
6	1,032	1,040	1,058	1,193
7	1,008	1,027	1,046	1,139
8	1,014	1,043	1,009	1,114
9	1,163	1,068	1,094	1,358
10	1,059	1,107	1,167	1,235
11	1,062	1,196	1,130	1,205
12	1,059	1,111	1,032	1,155
Special Education	3,022	2,963	2,881	1,566
Home School	272	243	248	227
Preschool	133	134	111	139
	<u>17,729</u>	<u>17,958</u>	<u>17,945</u>	<u>18,146</u>
Changes from Prior Year				
Increase (Decrease)	<u>(229)</u>	<u>13</u>	<u>(201)</u>	<u>(18)</u>
Percent Change	<u>-1.28%</u>	<u>0.07%</u>	<u>-1.11%</u>	<u>-0.10%</u>

* Enrollment as of the third Friday in September.

Source: District Research Department

1999-00	1998-99	1997-98	1996-97	1995-96	1994-95
1,484	1,535	1,537	1,609	1,608	1,562
1,334	1,359	1,388	1,396	1,337	1,308
1,326	1,328	1,347	1,278	1,257	1,228
1,315	1,296	1,228	1,243	1,193	1,262
1,264	1,215	1,218	1,185	1,218	1,238
1,205	1,209	1,142	1,223	1,222	1,185
1,179	1,137	1,191	1,210	1,183	1,228
1,113	1,147	1,200	1,138	1,202	1,169
1,143	1,192	1,140	1,177	1,151	1,191
1,360	1,359	1,307	1,377	1,381	1,437
1,219	1,235	1,240	1,255	1,349	1,248
1,112	1,242	1,245	1,267	1,211	1,181
1,237	1,226	1,232	1,203	1,113	1,092
1,501	1,331	1,294	1,222	1,217	1,245
240	227	243	200	181	168
132	106	156	160	147	160
18,164	18,144	18,108	18,143	17,970	17,902

20	36	(35)	173	68	235
0.11%	0.20%	-0.19%	0.96%	0.38%	1.33%

Cedar Rapids Community School District

Staffing Levels*

Last Ten Fiscal Years

	2003-04	2002-03	2001-02	2000-01
Administration				
Superintendent	1.0	1.0	1.0	1.0
Deputy/Assistant Superintendent	1.0	1.0	3.0	3.0
Principals and Assistants	50.0	50.0	48.0	48.0
District Administrators	15.0	14.0	16.0	16.0
Supervisors	7.0	8.0	8.0	8.0
Total Administration	74.0	74.0	76.0	76.0
Teachers				
K-12, Music, Physical Education and Art	921.7	940.0	977.9	988.8
Special Education	257.0	253.2	238.7	227.9
Federal Programs	19.2	21.0	14.5	18.0
Media Specialist	32.4	32.4	32.4	32.4
Counselors	45.4	44.4	44.0	45.0
Total Teachers	1,275.7	1,291.0	1,307.5	1,312.1
Support Personnel				
Clerical	180.5	187.3	184.7	185.5
Teacher aides, Special Education	258.7	243.1	215.5	186.8
Teacher aides, regular	82.2	90.0	98.1	105.3
Custodial and maintenance	173.3	179.0	178.8	175.0
Bus drivers/Attendants	92.9	93.0	92.8	82.3
Food service workers	132.1	130.1	135.3	130.7
Nurses/Volunteer Coordinator	14.5	13.3	11.7	11.7
Crafts and trades	19.4	20.1	20.4	20.4
Data processing	3.8	3.8	3.8	3.8
Day care	87.1	85.3	87.7	91.6
Other	64.9	67.1	60.5	56.9
Total Support Personnel	1,109.4	1,112.1	1,089.3	1,050.0
Total Staff	2,459.1	2,477.1	2,472.8	2,438.1

* FTE (full time equivalent) as of the third Friday in September.

Source: District Human Resources Department

1999-00	1998-99	1997-98	1996-97	1995-96	1994-95
1.0	1.0	1.0	1.0	1.0	-
3.0	2.0	3.0	3.0	-	-
48.0	48.0	49.0	47.0	47.0	46.0
13.0	13.0	21.0	19.0	20.5	24.5
8.0	8.0	8.0	8.0	8.0	8.0
73.0	72.0	82.0	78.0	76.5	78.5
967.1	922.6	929.9	895.6	887.4	869.2
216.3	203.8	201.3	177.0	177.3	163.7
15.1	15.8	13.7	18.9	24.4	26.9
33.4	31.7	31.4	32.3	33.1	32.0
42.0	43.3	42.7	43.3	41.7	41.6
1,273.9	1,217.2	1,219.0	1,167.1	1,163.9	1,133.4
177.0	175.1	174.0	175.4	173.0	172.6
171.4	139.9	135.4	106.6	105.5	101.7
113.5	134.0	120.5	109.9	108.5	98.8
176.8	174.8	137.8	142.9	140.6	139.2
82.8	74.7	74.5	71.5	79.8	83.2
129.1	125.8	127.6	133.4	129.8	124.3
11.8	9.5	8.4	6.7	7.1	6.8
19.4	41.6	42.0	42.0	43.0	42.0
3.8	3.6	8.6	4.6	4.6	4.6
100.7	93.6	105.0	128.4	130.0	94.8
47.7	17.4	40.0	16.2	10.9	15.6
1,034.0	990.0	973.8	937.6	932.8	883.6
2,380.9	2,279.2	2,274.8	2,182.7	2,173.2	2,095.5

Cedar Rapids Community School District

General Fund Cost Per Pupil

Last Ten Fiscal Years

Fiscal Year	General Fund Costs*	Average Daily Attendance	Operating Cost Per Pupil
2003-04	\$131,925,606	16,149	\$8,169
2002-03	130,972,018	16,433	7,970
2001-02	132,747,546	16,522	8,035
2000-01	126,430,138	17,043	7,418
1999-00	119,735,636	16,545	7,237
1998-99	112,286,739	17,119	6,559
1997-98	106,137,083	17,248	6,154
1996-97	98,471,345	17,361	5,672
1995-96	93,843,578	16,963	5,532
1994-95	89,667,075	17,192	5,216

* General Fund expenditures exclude: "Other Financing Sources."

Total Costs - Source: District financial records.

Average Daily Attendance - Source: District Research Department

Internal Controls and Compliance Section

**Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters Based on Audit of
Financial Statements
Performed in Accordance with Government Auditing Standards**

Board of Directors
Cedar Rapids Community School District
Cedar Rapids, Iowa

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Cedar Rapids Community School District as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 10, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cedar Rapids Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. There were no prior year reportable conditions.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cedar Rapids Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2004 are based exclusively on the knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of the statutes. Prior year statutory and compliance comments have all been resolved except item IV-G-04.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of Cedar Rapids Community School District and other parties to whom Cedar Rapids Community School District may report, including federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Cedar Rapids Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Clifton Gunderson LLP

Clinton, Iowa
September 10, 2004

**Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control
Over Compliance in Accordance with OMB Circular A-133**

Board of Directors
Cedar Rapids Community School District
Cedar Rapids, Iowa

Compliance

We have audited the compliance of Cedar Rapids Community School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. Cedar Rapids Community School District's major federal programs are identified in Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Cedar Rapids Community School District's management. Our responsibility is to express an opinion on Cedar Rapids Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; Chapter 11 of the Code of Iowa; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cedar Rapids Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Cedar Rapids Community School District's compliance with those requirements.

In our opinion, Cedar Rapids Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of Cedar Rapids Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Cedar Rapids Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of Cedar Rapids Community School District and other parties to whom Cedar Rapids Community School District may report, including federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Clifton Henderson LLP

Clinton, Iowa
September 10, 2004

**Cedar Rapids Community School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2004**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
National School Lunch Program	10.555	FY 04	\$ 1,908,189
School Breakfast Program	10.553	FY 04	400,094
Fresh Fruit & Vegetable Pilot Program	10.555	FY 04	47,500
Total cash expenditures			2,355,783
USDA Commodities (non-cash)	10.550	FY 04	344,218
Total cash and non-cash expenditures			2,700,001
U.S. Department of Education:			
Iowa Department of Education:			
Title I	84.010	1053-G-00	2,066,339
Title I	84.010	1053-GC-00	474,315
			2,540,654
Title II - Federal Teacher Quality Program	84.367	FY 04	357,500
Title II - Class Size Reduction Program	84.367	FY 04	369,208
			726,708
Title V - Innovative Education Program Strategies	84.298A	FY 04	137,325
Title II - Eisenhower Mathematics & Science Education	84.281	FY 02	98,521
Title II - Eisenhower Mathematics & Science Education	84.281	FY 03	8,738
			107,259
Special Education Grants to States (IDEA Part B)	84.027	FY 04	741,917
Safe and Drug Free Schools and Communities	84.186	FY 03	86,684
Safe and Drug Free Schools and Communities	84.186	FY 04	88,295
			174,979
Perkins Vocational Education Program - Basic Grant	84.048	FY 04	219,727
Title VI A - NCLB Assessment Grant	84.369	FY 04	103,482
Data Driven Leadership Grants	84.3480	FY 04	3,600
E2T2 - Enhancing Education Through Technology	84.318	FY 04	92,916
Refugee Children School Impact Grant	93.576	FY 04	25,981
21st Century Community Learning Centers Grant	84.287	FY 04 - 08	470,475
Fund for the Improvement of Education	84.215	FY 00 - 04	462,500
Success4 Comprehensive School Improvement	84.027	FY 04	94,488
Star Schools Project	84.203	FY 04	906
Education for Homeless Children and Youth	84.196	FY 04	23,000
Iowa Demonstration Construction Grants	84.215	FY 04	1,925,000
U.S. Department of Justice:			
Linn County, Iowa:			
Juvenile Accountability Incentive Block Grant (JAIBG)	16.523	FY 04	70,750
U.S. Department of Human Services			
Linn County, Iowa:			
Medicaid Time Study Program	93.778	FY 04	315,262
Total			\$ 10,936,930
Total cash expenditures			
Total non-cash expenditures			

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Cedar Rapids Community School District and is presented in conformity with the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

See accompanying independent auditor's report.

Balance 6/30/2003	Grant Revenue Receipts	Program Contributions and Miscellaneous Related Receipts	Program Expenditures	Balance 6/30/2004
\$ -	\$ 1,908,189	\$ -	\$ 1,908,189	\$ -
-	400,094	-	400,094	-
-	9,502	-	9,502	-
-	2,317,785	-	2,317,785	-
103,765	344,218	-	337,324	110,659
103,765	2,662,003	-	2,655,109	110,659
-	1,851,826	-	1,851,826	-
-	474,315	-	474,315	-
-	2,326,141	-	2,326,141	-
-	615,158	-	71,739	543,419
-	373,517	-	373,154	363
-	988,675	-	444,893	543,782
-	137,325	-	137,163	162
50,192	-	-	50,192	-
8,738	-	-	8,738	-
58,930	-	-	58,930	-
-	741,917	-	741,917	-
(10,516)	10,516	-	-	-
-	77,779	-	75,018	2,761
(10,516)	88,295	-	75,018	2,761
-	219,727	-	219,727	-
-	169,248	-	86,855	82,393
-	1,868	-	1,868	-
-	47,595	-	47,595	-
-	25,981	-	14,975	11,006
-	110,700	-	110,700	-
-	7,515	-	7,515	-
-	94,488	-	50,147	44,341
-	906	-	906	-
-	23,000	-	23,000	-
-	1,207,873	-	1,207,873	-
-	67,396	-	67,396	-
-	145,258	-	59,693	85,565
\$ 152,179	\$ 9,065,911	\$ -	\$ 8,337,421	\$ 880,669
			\$ 8,000,097	
			337,324	
			<u>\$ 8,337,421</u>	

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2004**

Section I: Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no
- Reportable condition(s) identified that are not
considered to be material weaknesses? yes x none reported
- Noncompliance material to
financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes x no
- Reportable condition(s) identified that are not
considered to be material weakness(es)? yes x none reported

Type of auditor's report issued on compliance for major programs:
unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of
OMB Circular A-133? yes x no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
<u>10.550</u>	<u>USDA Food Distribution Program</u>
<u>84.010</u>	<u>Title I Grants to Local Educational Agencies</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? x yes no

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2004**

Section II: Financial Statement Findings:

INSTANCES OF NONCOMPLIANCE:

None

REPORTABLE CONDITIONS:

None

Section III: Federal Award Findings and Questioned Costs:

INSTANCES OF NONCOMPLIANCE:

None

REPORTABLE CONDITIONS:

None

Section IV: Other Findings Related to Required Statutory Reporting:

- IV-A-04 Official Depositories - Official depositories have been approved by the District. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2004.
- IV-B-04 Certified Budget - Expenditures during the year ended June 30, 2004, did not exceed the amount budgeted in any functional area.
- IV-C-04 Questionable Expenditures - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979, were noted.
- IV-D-04 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted.
- IV-E-04 Business Transactions - No business transactions between the District and District officials or employees were noted.
- IV-F-04 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2004**

Part IV: Other Findings Related to Required Statutory Reporting: (Continued)

- IV-G-04 Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted. However, we did note the monthly publication of the schedule of bills allowed did not include the bills allowed for the District's Activity Funds.

Recommendation - The monthly publication of the schedule of bills allowed should include all funds of the District.

Response - Our current Activity Fund software does not allow for a consolidated list of bills for the 11 separate schools generating checks. We are investigating alternative solutions, and intend to change our procedures to comply with this requirement.

Conclusion – Response accepted.

- IV-H-04 Certified Enrollment - No instances of noncompliance were noted in the basic enrollment data certified to the Department of Education.
- IV-I-04 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.
- IV-J-04 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
Year Ended June 30, 2004**

N/A

**CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT
CORRECTIVE ACTION PLAN FOR FEDERAL AUDIT FINDINGS
Year Ended June 30, 2004**

Comment Number	Comment Title	Corrective Action Plan	Contact Person, Title Phone Number	Anticipated Date of Completion
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N/A